



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF ADMINISTRATION

**AUG - 6 2019**

Mr. Austin Evers  
Executive Director  
American Oversight  
1030 15<sup>th</sup> Street, NW  
Suite B255  
Washington, DC 20005

RE: Freedom of Information Act Request  
FOIA Control No.: 19-FI-HQ-00695  
Civil Action No.: 19-cv-1255

Dear Mr. Evers:

This letter is our first interim response to your Freedom of Information Act (FOIA) request dated February 5, 2019. Your request was received on February 11, 2019, in which you requested all communications between January 20, 2017, and May 31, 2018, by any political appointee at the Department of Housing and Urban Development regarding the 2018 sale of the Starrett City housing complex.

Please be advised that searches have been conducted and are now complete. Records have been located and are being reviewed. At this time, we have completed the responsiveness review and processing of 534 pages. We are continuing to review and process an additional 1,380 pages of records. We now anticipate that we will review, process and produce all such non-exempt records no later than October 30, 2019.

I have determined that 183 pages are appropriate for release without excision. I have also determined that 4 pages are appropriate for release with excisions made pursuant to Exemptions 5 and 6 of the FOIA, 5 U.S.C. § 552(b)(5) and (b)(6), and copies are enclosed. Exemption 5 pertains to certain inter- and intra-agency communications protected by the deliberative process privilege. The release of this internal information would reflect HUD's predecisional, deliberative process, and would discourage open and candid advice, recommendations, and exchanges of views within the Department, which could bring about public scrutiny of the individuals and the need to justify in public their tentative opinions. Exemption 6 pertains to information the release of which would constitute a clearly unwarranted invasion of the personal privacy of third parties. I am withholding cell phone numbers and private family information pursuant to Exemption 6. The interest of the general public in reviewing these portions of government documents does not outweigh the individuals' right to privacy.

Please note that the enclosed pages also contain records that are not responsive to your request. Our search returned responsive material and information, some of which was found in document compilations covering multiple, unrelated topics.<sup>1</sup> Those records have not been processed and are marked accordingly.

I am the official responsible for this determination. For your information, your FOIA request, including your identity and any information made available, is releasable to the public under subsequent FOIA requests. In responding to these requests, the Department does not release personal information, such as home address, telephone number, or Social Security number, all of which are protected from disclosure under FOIA Exemption 6.

If you have questions regarding your request, please contact Assistant United States Attorney Marina Utgoff Braswell at (202) 252-2561. Thank you for your interest in the Department's programs and policies.

Sincerely,



Deborah Snowden  
Deputy Chief FOIA Officer  
FOIA Branch  
Office of the Executive Secretariat

Enclosures

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<sup>1</sup> I am relying on my knowledge of HUD's documents and guidance from the Department of Justice's Office of Information Policy, and have determined that "it is appropriate to divide a document [covering multiple, unrelated topics] into discrete 'records.'" (DOJ, OIP Guidance: Determining the Scope of a FOIA Request, <https://www.justice.gov/oip/blog/foia-update-oip-guidance-determining-scope-foia-request>).



**From:** Morath, Amy A  
**Sent:** 13 Oct 2017 14:00:08 +0000  
**To:** Appleton, Seth D;Kelley, Michael J;Dendas, Michael W;Ludlow, Ashley;Barton, Victoria L;Burley, Michael N;Hardy IV, Stanley;Dunn, Tracey;Boswell, Aretha T;Gibbs, John;Hunter, Matthew F;Campbell, Renae M;Hobbs, Benjamin R;Ryan, Joshua J;Coffey, Alexander;Bowes, Robert B;Muse, Rebecca A;Thompson, Amy C;Carr, Terry M;Holderfield, Stephanie A;Bourne, Christopher M;Sullivan, Brian E;Pereira, Ariel;Santa Anna, Aaron;Beckles, Angela L;Rios, Eric C;Bright, Michael R;Kasper, Maren M;Golrick, Janet M;Cruciani, Linda M;Zorc, Bethany A;Petty, Timothy J;Brown, Christina M;Woll Jr, David C;Marzol, Adolfo F;Greenwood, Sheila M;Golrick, Janet M;Bass, Deana;Kurtz, R. Hunter;Gaines, Ralph H;Huff, Michael;Allen, Denise L;Wahlig, Amanda J;Fila, Stephanie C;Cowan Jr., Chad;Maerder, James C;Ballard, Daniel L;Glavin, William A;Wade, Dana T;Bryon, Jemine A  
**Subject:** Transcript of SOHUD Hearing before HFS  
**Attachments:** Carson\_Oversight of HUD\_HFS Comm\_2017-10-12.pdf

Good morning HUD Team,

CQ has posted the transcript to the Secretary's hearing yesterday before the House Financial Services Committee. The attached is the pdf of the transcript, and it is also available on the OGC sharepoint site found here:

<http://hudsharepoint.hud.gov/sites/OGC/OLR/Congressional%20Transcripts%20Archive%202009%20through%20Pre/Forms/AllItems.aspx?RootFolder=%2Fsites%2FOGC%2FOLR%2FCongressional%20Transcripts%20Archive%202009%20through%20Pre%2FHouse%20Financial%20Services%20Committee%2F115th%20Congress%20%282017%2D2018%29>

Let us know if you need anything else,  
Amy

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Oct. 12, 2017 - Revised Final

#### LIST OF PANEL MEMBERS AND WITNESSES

HENSARLING:

The committee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time, and all members will have five legislative days within which to submit extraneous materials to the chair for inclusion in the record.

This hearing is entitled "The Future of Housing in America: Oversight of the Department of Housing and Urban Development."

I now recognize myself for 3.5 minutes to give an opening statement.

Today, we welcome the 17th secretary of the Department of Housing and Urban Development, Dr. Ben Carson, for his first appearance before our committee. Welcome, sir.

At least in one respect, he may be among the most qualified individuals to ever serve as HUD secretary. Why? Because Secretary Carson was raised by a single mother who had a third-grade education. He grew up in poor communities in Detroit and Boston, lived in multi-family housing with boarded up windows and doors, surrounded by sirens, gangs and murders.

Not only does he understand poverty personally and viscerally, he understands what it takes to escape it, and he is passionate about helping others escape, as well. He also understands that HUD's approach to eliminating poverty and urban decay too often fails, and thankfully, he is committed to changing it.

When it was created 52 years ago, HUD was intended to be the main weapon in the war on poverty. Now, 52 years later and \$1.6 trillion later, the poverty rate remains basically unchanged. Sadly, despite all this spending, HUD has failed to live up to the noble aspirations of its birth.

I do not wish to diminish the valuable work that HUD does. It is an invaluable part of our nation's social safety net, especially tenant-based Section 8 housing for the elderly and disabled. But I remind all that, for the able-bodied, there is no better affordable housing program than a growing economy that creates better jobs, bigger paychecks and brighter tomorrows.

After suffering from eight years of bad public policy, leading to a sluggish economy that has been growing at barely half of the historic norm, working Americans deserve better. They deserve fundamental tax reform as proposed by the president and Republicans, a fairer, flatter, simpler, more competitive tax system.

There hasn't been any significant tax reform in a century that hasn't grown the economy and grown tax revenues. I remind all, in the first five years after the Kennedy tax relief plan was passed, the economy



grew by 48 percent and federal revenues increased by 66 percent. This growth erased a \$5 billion point (sic) deficit and turned it into a \$3.2 billion surplus.

When Congress enacted the Reagan tax relief package, the economy grew by 42 percent over the next five years, and federal revenues surged by 28 percent. Even going back to the Coolidge era, a series of tax relief measures passed during that administration resulted in annual average economic growth of 4.7 percent.

So we've it time and time again: When we remove the burdens of excessive taxation and allow the American people to keep more of what they earn, we unleash the potential to create prosperity and opportunity for everyone. That's not economic theory; it's economic history, and it's the very embodiment of affordable housing.

I also wonder, how can be for affordable housing, yet oppose allowing working Americans to keep more of their paychecks? And that's exactly what the Republican tax reform framework does: allows working Americans to keep more of their paychecks.

So I look forward to hearing more of the secretary's new vision for HUD and the programs that he and his team are beginning to reform. I now yield to the ranking member for an opening statement.

WATERS:

Thank you, Mr. Chairman.

America is currently in the midst of the worst rental housing crisis that we've ever experienced. It is hitting our lowest income families the hardest. According to the National Low Income Coalition, the United States has a shortage of 7.2 million affordable rental units for extremely-low-income households.

Our country is also at a virtual standstill when it comes to reducing homelessness, and in some parts of the country, homelessness has reached crisis proportions. We also face homeownership challenges, with minority homeownership rates continuing to lag, even as the housing market recovers.

In the face of the immense housing needs in our country, President Trump chose Dr. Ben Carson to serve as the head of the Department of Housing and Urban Development. The secretary of HUD is supposed to be at the forefront of our efforts to create strong communities; expand access to safe, decent and affordable housing; and enforce fair housing rights.

Housing is the foundation on which our entire society is built. It is a platform for economic mobility and well-being. It is a crucial part of our national economy. It is a necessary human right. We need strong leadership and a bold vision for HUD in order to expand access to affordable housing in this country.

Unfortunately, I have seen nothing to indicate that Secretary Carson is up to the challenge. Secretary Carson has expressed views that are deeply alarming and antithetical to his role as HUD, such as describing poverty as, quote, "more of a choice than anything else" -- quote, unquote. And saying he doesn't think public housing should be too, quote, "comfortable" -- quote, unquote.

His few actions so far as HUD secretary are deeply troubling, as well. Secretary Carson has supported a budget that slashes funding for critical housing programs and proposes humble rent increases on some



of the most vulnerable American families. He has also moved to roll back important Obama administration policies and initiatives with little or no explanation.

So I am very much looking forward to hearing from Secretary Carson today about his actions so far and his plans for serving our nation's most vulnerable families.

I thank you, Mr. Chairman, and I yield back the balance of my time.

HENSARLING:

The chair now recognizes the gentleman from Wisconsin, Mr. Duffy, the chairman of the Housing and Insurance Subcommittee, for 1.5 minutes.

DUFFY:

Thank you, Mr. Chairman.

Over here, Mr. Carson. There we go, right here. Hi. It's hard to find people; you don't know where we're talking from. Welcome -- I don't know if it's Secretary or Doctor or Dr. Secretary. Welcome either way, whatever the proper title is.

I think you can tell you're going to be in for an interesting hearing today based on the opening statement of the ranking member.

I would note that poor people have been worse off over the last eight years, and minorities have fared worse than the rest of the population. And I would argue that, with a growing bureaucracy, a bigger government, a collectivist mentality, you gut the middle class. Poor people get poorer, rich people get richer. It happens whenever you implement these policies.

And to go back to a system that gives people a hand up, that helps move them from poverty -- like yourself -- into the middle class, one of the greatest brain surgeons the country has seen, is the American dream, is the American story. So I'm looking forward to your testimony today.

I know you have a lot of reforms that you want to discuss with us. I'm looking forward to hearing that. I'd also like to hear your vision on -- because the -- the prior secretary -- when they would look at success of HUD, success was viewed in the realm of "How many people do we get into the system, how many people do we help through HUD," versus the mentality of "How many people not just do I get in, but how many people can I move out of the system? How many people can I get to stand on their own two feet?"

What's the measure of success in HUD? Look forward to your views on housing finance reform, on rural poverty. And my time is up, so I yield back.

HENSARLING:

Time of the gentleman has expired. The chair now recognizes the gentleman from Missouri, Mr. Cleaver, the ranking member of the Housing and Insurance Subcommittee, for one minute.

CLEAVER:

Thank you, Mr. Chairman.

The future of housing in America -- it strikes me as significant. Thank you for being here, Mr. Secretary.

I have all the comments (ph), but I may be of greater value if I just tell you that I sat down with Shaq, Shaquille O'Neal, to tell him how his father-in-law and I grew up. We grew up two blocks apart. I lived at 405B Bailey, he lived at 512, in the projects. I ended up getting the opportunity to move out faster than they did.

We -- my father saved money, bought a lot, bought a house, moved the house to the lot -- I mentioned to you. And I always think, "Well, what would have happened if nobody had helped my mother and father as they were struggling to make a living for four children?"

I'll end the story, because I -- my time is out -- just to say that I have three sisters, all with degrees, one with a PhD. What would have happened if they had ignored us? Housing is important to me.

I yield back, Mr. Chairman.

HENSARLING:

Time -- time of the gentleman has expired. The chair now recognizes the gentleman from Michigan, Mr. Kildee, the vice ranking member, for one minute.

KILDEE:

Thank you, Mr. Chairman; thank you, Ranking Member Waters. And I'm glad we're having this hearing, Mr. Secretary. I'm glad you're here. The condition of America's cities and towns is a subject that is the jurisdiction of this committee and your department. And I think, in neither case -- for some time, to be fair to you, preceding your entry into this position -- that subject has not gotten nearly the attention that it should.

Unfortunately, for decades, important investment in cities and towns -- CDBG, the HOME program -- have faced really deep cuts. I grew up in Flint just around the same time you were growing up in Detroit. We had a similar childhood experience. And a lot of people know Flint now because of this terrible crisis that it's facing, coming out of this poisoning of its water.

But the truth behind Flint's story is that it was on the brink of insolvency, largely because the state of Michigan and the federal government had eliminated essential support for the development and redevelopment of those places.

I'm anxious to hear how you can square your suggestions to cut further those programs with the sworn oath you took to uphold the mission of the department. Thank you.

HENSARLING:

Time of the gentleman -- time of the gentleman has expired.

Today, we welcome the testimony of the Honorable Ben Carson. This is the first time Secretary Carson has appeared before this committee. Dr. Ben Carson, M.D., was sworn in as the 17th secretary of the U.S. Department of Housing and Urban Development on March 2nd, 2017.

Secretary Carson earned a Bachelor's degree from Yale University, and received his M.D. from the University of Michigan Medical School. Previously, Secretary Carson served as Director of Pediatric Neurosurgery at the Johns Hopkins Children's Center.

Without objection, the witness's written statement will be made part of the record.

Secretary Carson, you are now recognized to give an oral presentation of your testimony. Welcome. I don't think the microphone's on, Secretary. If you could turn the microphone on.

CARSON:

The red light is on.

HENSARLING:

It's on now.

CARSON:

OK.

HENSARLING:

Thank you.

CARSON:

Chairman Hensarling, Ranking Member Waters, members of the committee, thank you for inviting me to discuss the work that we do at the Department of Housing and Urban Development and my plans for fulfilling our mission with fidelity to our congressional mandate and the best interest of the American people.

First, please know that, right now, HUD is involved in the federal response to multiple hurricanes that devastated areas of Texas, Florida, Georgia, Puerto Rico and the U.S. Virgin Islands.

HUD's team is coordinating with our federal, state, territorial, and local agency partners in the field, providing housing solutions for survivors, and helping HUD-assisted (ph) clients and FHA-insured borrowers. In the long term, HUD will play a key role in recovery efforts in these disaster-impacted regions as they rebuild. Helping these communities is and will remain a priority for me and this administration.



America has changed greatly since HUD was established as part of Lyndon Johnson's Great Society programs half a century ago. And we must learn to evolve with the country. Many Americans still struggle to find affordable housing. Chronic homelessness continues to plague tens of thousands of our countrymen. And many millions remain mired in poverty, rather than being guided on a path out of it.

History has made clear that spending more taxpayer dollars does not necessarily create better outcomes. We must constantly evaluate our programs to ensure that we are delivering services effectively and efficiently to HUD's constituents and responding to today's challenges with the best practices and technologies.

Since I arrived at HUD in March, it has been my mission to employ the wealth of knowledge held by career staff to improve our services, reform our programs and remain careful stewards of taxpayer dollars.

After several months of hard work, our team has outlined a bold plan for institutional reform and improvement that will better serve all Americans. It's called the Forward Initiative. The policy elements of the Forward Initiative each fall under what we've named the 3 Rs: reimagine how HUD works, restore the American dream and rethink American communities.

First, reimagining how HUD works refers to our internal processes, working conditions and training. The goal of every improvement made at HUD is to provide better service to those in need.

Second, our job is to restore the American dream, getting Americans back on their feet and permanently improving their lives. Of course, HUD is committed to continuing to serve those families that might always need someone to lean on.

Additionally, we have an opportunity to eliminate veterans' homelessness in America. They sacrificed for our country and deserve all the support we can give.

And finally, we need to rethink American communities and how we can make them thrive. Expanding community investment through public-private partnerships produces better results than heavy-handed government intervention.

It is also our special priority to help more American families live in healthy homes, free of lead hazards and other poisonous substances. As a doctor, I've seen firsthand the tragic consequences of childhood exposure to dangerous building materials. Ridding our homes of these hazards is a worthy cause with great benefits to future generations.

While pursuing its mission to provide safe, decent and affordable housing for the American people, the HUD team is also cognizant of its vital duty to be a good steward of taxpayer dollars.

The president has directed federal agencies to take special care against burdening American families and their businesses with unnecessary and expensive regulations. HUD is reviewing its existing regulations to assess their compliance costs, reduce regulatory burden and build a more efficient and effective agency.

Let me close by reiterating the interest of our administration and my personal interest in working with this committee on housing finance reform. HUD will be an active participant in this critical dialogue because of our fundamental housing mission, and because our FHA mortgage insurance program and

our Ginnie Mae mortgage-backed security guarantee are large and vital components of the nation's housing finance system.

Housing finance reform should be built on shared goals of ensuring a well-functioning housing finance system that provides access for credit-worthy borrowers that are ready to own a home, expands the role of the private sector and reduces overall taxpayer exposure.

Thank you again for inviting me to testify today, and I welcome any questions.

HENSARLING:

The chair now recognizes himself for five minutes for questions.

Secretary Carson, my colleague, the gentleman from Wisconsin, Mr. Duffy, alluded in his opening statement to, really, kind of metrics of success. And there are some who view the success of HUD to be tied to the size of its budget or the number of people who have Section 8 vouchers.

But I'm curious -- does HUD have, or is HUD developing any different metric? I mean, how many people actually get to escape poverty? How many able-bodied individuals are able to escape poverty, to move beyond Section 8 housing, and maybe at one point enjoy the dream of homeownership?

Does HUD have any way to measure this? Are we looking at this wrong? Should there be a different metric of success for what you're doing?

CARSON:

There been a number of studies over the course of decades, and, as was mentioned in your opening statement, there hasn't been a tremendous amount of progress there.

Now, this is not because the people who have been there have had bad intentions. You know, I think they had very good intentions. But we do have to look at the fact that we're not making a great deal of progress with poverty.

And that's why we looking to reform this whole thing and -- really looking more at the person than at the housing complex. Housing is a component of developing people, and we have to recognize that we only have 330 million people in this country.

We have to compete, in the future, with China and India, who have four times that many people. That means, if we don't develop all of our people, we are not going to be able to keep up in the future. It's as simple as that.

So we have to start thinking in terms of holistic development of people, holistic development of communities. How do we enable people to climb that ladder of opportunity? How do we incentivize them to climb that ladder of opportunity so that they become part of the strength of this country?

HENSARLING:



Part of affordable housing is obviously tied to our housing finance system. Recently, Federal Reserve Governor Jerome Powell said, quote, "If Congress does not enact reforms over the next few years, we are at risk of settling for the status quo: a government-dominated mortgage market with insufficient private capital to protect taxpayers and insufficient competition to drive innovation." Do you agree or disagree with Governor Powell's assessment?

CARSON:

There is no question that we need to engage in a serious discussion about finance reform. There -- a lot of progress has been made, by the way. You know, 10 years ago -- you know, we were talking about how important it is to get everybody into homeownership.

And, again, I'm not criticizing the people who did that. But I don't think they realize that to put somebody in a home that they can't afford is not really doing them a favor. They lose the home. They lose their credit. They lose their future opportunities.

We have to learn from those kinds of situations. And to -- and innovation is the hallmark of America.

HENSARLING:

And, Mr. Secretary, can we reform our housing finance system without reforming FHA, which is obviously under HUD?

CARSON:

FHA, as you probably know, is the largest guarantor of mortgages in the world. So it's a central part of it and needs to be reformed as well.

HENSARLING:

Well, historically, the mission of FHA was to support first-time and (ph) low-income -- low to moderate-income families, and it had a small footprint in the market. Now, it has a very large footprint in the market and, in many areas of the U.S., the FHA loan limits are the same as the conventional market -- \$636,150 in so-called high-cost areas.

At least where I come from, only the top wage earners can afford a mortgage of \$636,000. Do you agree that establishing a home price or loan limit more in line, say, with the median home price in the area will better serve the target customer for FHA and get it refocused on low to moderate-income and first-time home buyers?

CARSON:

Well, thank you for that question. If one looks at the actual statistics and looks at the bell curve, you know, 95 percent of the mortgages fall in the \$200,000 range.



On the very tips, there are going to be very low ones and very high ones. So I tend to want to focus on the large group, and not on the outliers. It's very, very rare that we deal with a \$636,000 mortgage.

HENSARLING:

Thank you, Mr. Secretary.

I now recognize the ranking member for five minutes.

WATERS:

Thank you very much.

I had intended to start to talk about the housing crisis that we have. But, since the president was busy tweeting this morning and you referred to HUD's role in dealing with the hurricane disasters and what you and the administration are doing, this morning, Trump threatened to abandon Puerto Rico recovery efforts.

President Trump served notice Thursday that he may pull back federal relief workers from Puerto Rico, effectively threatening to abandon the U.S. territory amid a staggering humanitarian crisis in the aftermath of Hurricane Maria.

In a trio of tweets, he wrote, "We cannot keep FEMA, the military and the first responders, who have been amazing, in Puerto Rico forever." On Thursday, he sought to shame the territory for its own plight. He tweeted, "Electric and all infrastructure was a disaster before hurricanes."

So you talked about what you, HUD, is doing in cooperation with, I guess, the administration. Do you agree with the president?

CARSON:

I certainly agree that Puerto Rico is a very important territory. The people from Puerto Rico have contributed greatly to the culture of America.

WATERS:

Well, I'm not talking about that. What I'm talking about is these tweets where the president threatened to abandon Puerto Rico recovery efforts. Do you agree that they should be abandoned, that Puerto Rico should be abandoned?

CARSON:

Well, first of all, as I was saying, Puerto Rico is a very important...

WATERS:

No, I know it's important. But I want to know...

CARSON:

... part of our culture, and as a result of that, we're not going to abandon them.

WATERS:

... whether or not you agree with the president, who's threatening to abandon Puerto Rico recovery efforts.

CARSON:

I think I just said I have no intention of abandoning Puerto Rico. They're a very important part of who we are.

WATERS:

So, you don't agree with the president. He tweeted, "Electric and all infrastructure was a disaster before the hurricanes," and sought to shame the territory for its own plight. Do you share that opinion?

CARSON:

I think that our job is to make sure that we take care of the disaster that has occurred.

WATERS:

So you don't agree that it should be abandoned. Is that right?

CARSON:

Of course it should not be abandoned.

WATERS:

And you don't think that they should be shamed for its own plight, is that right?

CARSON:

There is no question that there have been a lot of difficulties in Puerto Rico. They ended up \$80 billion (ph)...

WATERS:

Should they be shamed for its own plight?

CARSON:

... in debt.

WATERS:

Talked about...

CARSON:

I don't think -- I don't think it is beneficial to go around shaming people in general.

WATERS:

OK. So I'm glad to hear you don't agree with the president.

Let me go on with my housing question. I want to talk about someone who I recently met by the name of Larry, who resides in a Section 202 housing for the elderly property in south Los Angeles.

Larry shared with me the meticulous monthly budget he manages for himself. I have the budget right here. He lives on a fixed income of \$1,015 per month. After paying for rent, utilities, groceries, medical expenses, personal hygiene, he has exactly \$110 left at the end of the month. He told me he looks forward to using some of that \$110 to take his granddaughter out for ice cream.

The rent increases proposed in your recent HUD budget would mean an \$80 monthly increase for Larry. Larry said to me in my office, "Congresswoman, I don't know which other corner I could cut if I had to pay an additional \$80 per month in rent."

In fact, I have data that shows that seniors would have to pay an additional \$83 a month, on average, in rent under your rent reform proposal, which is a whopping 28 percent increase over what they're currently paying.

There are low-income seniors in HUD assisted housing all over this country, like Larry, with average incomes just over \$13,000 a year. Do you mean to tell me it is the vision of this administration to raise rents on low-income seniors like Larry? Tell me, what do you expect Larry to do if your proposal to raise rent is enacted?

CARSON:

If Larry does not see a way out, he can apply for an exemption, which will be available to him.

Having said that, we are changing programs in such a way as to create sustainability. We don't want to reach a point, you know, five years down the road, where we have no ability to take care of anyone.



WATERS:

Let me just say that I have heard you mention before that hardship exemptions will be available, but I do not accept that as an adequate solution, because hardship exemptions have historically failed to actually have people who is eligible for an exemption, and you have never even acknowledged this.

So I ask you again, what do you expect Larry and the tens of thousands of other seniors like Larry -- do in the face of such a dramatic rent increase?

CARSON:

First of all, I think the situation that you just described is not a typical situation. I don't believe that elderly and disabled people will see that large of an increase. That's not the numbers that I have received.

WATERS:

Based on your cuts, they will.

CARSON:

We will be...

HENSARLING:

Time.

CARSON:

... we'll be very happy to have our people go over the numbers with you.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Wisconsin, Mr. Duffy, chairman of our Housing and Insurance Subcommittee.

DUFFY:

Thank you, Mr. Chairman.

I want to just deviate from my original questions and note that the president was somewhat accurate, in that the electrical grid in Puerto Rico was not up to what it should have been. They're highly in debt. There's a lot of problems in Puerto Rico that they were dealing with before Maria hit them.

And I love the island. I'm part of the Puerto Rican caucus, was part of PROMESA. But to now try to say that President Trump is shaming people on the island -- if I'm not mistaken, it was President Trump who sent over a request for supplemental package to the tune of \$36 billion. That came from the White House.

CARSON:

Yes. And I can tell you from being in many conversations with the president and other members of the Cabinet, he is in no way thinking about abandoning them. He's put a lot of effort into that.

DUFFY:

And, speaking to that point, I think it was President Obama who did just a fly-by stop in, in Puerto Rico, but then went and spent days in Cuba, hanging out with a ruthless dictator, going to see baseball games, hands in the air.

Open up -- open up tourism in Cuba, to the exclusion of tourism in Puerto Rico. We should first go -- let's promote American citizens in Puerto Rico and dollars flowing there, instead of to the dictatorship of Cuba.

I'm off my questions, but I had to respond to the Ranking Member's, I think, inaccurate characterization of what President Trump has done on behalf of the good people of Puerto Rico.

I want to pivot, and I don't have a lot of time. Can you talk about -- when you look at HUD, when you look at the tax dollars that flow through your agency, what are you doing to be more efficient, to stretch those dollars further and help more people, but also be responsive to the taxpayers who send you money? What are you doing on those ends?

CARSON:

Well, I take responsibility to taxpayers very seriously, and we've put in place a team that understands that seriousness. We're -- we've hired a COO, a CIO and a CFO -- hopefully we will get through very soon, it's been named -- so that we can begin to look at things from the 30,000 point of view -- 30,000-foot point of view, rather than just patching little things that don't seem to work, which has sort of been the way that things been done in the past; running it, really, more like a business; assigning responsibilities to people in all of the different areas so that you don't pass the buck to someone else.

DUFFY:

Refreshing. I think I heard the ranking member mention this -- that people shouldn't be too comfortable in public housing -- I think she was quoting you.

CARSON:

Yes.

DUFFY:

What you mean by that?

CARSON:

I thank you for giving me an opportunity to clarify that. We were in a transitional housing setting, and they were getting people out three times to four times faster than other transitional housing. And I wanted to know how they were doing that. It was because they were concentrating their efforts and their resources on getting people into permanent housing, and I said, "That's a very good idea."

There was a New York Times reporter there who sort of misinterpreted that -- or, actually, she did a better job, but her editors reinterpreted that -- to say that Carson thinks that they shouldn't be comfortable. What a bunch of crap that is.

DUFFY:

Thank you for that. Listen, I don't -- I know that poverty is not comfortable. I know that you know that, as well, as someone who lived that firsthand, especially growing up.

But when we talk about being -- trying to make people comfortable in poverty, as opposed to trying to incent people to get out of poverty and get into the middle class -- if you look at your life experience, would you be better off if you and your mother and your family had been made comfortable to stay where you were in public housing and in poverty, or to incentivize you to become the great doctor and now secretary that you are?

CARSON:

Well, I can tell you that, at the time when my mother was pushing us, I would've preferred to -- somebody, make me comfortable there. I didn't want her to make me read these reports and give her all these reports.

But in retrospect, you know, by reading, particularly about successful people in all endeavors, I began to realize what is necessary, and to realize the person who has the most to do with what happens to you is you.

And what we have to do is help more people to not only recognize that, but to give them the means whereby they can take advantage of the opportunities that exist in our society.

DUFFY:



I don't have much time, and I -- we talked about this in the past, but I just want to make this note: I'm concerned in rural America -- how programs impact low-income, homeless people in rural America, as opposed to urban America, where there better structures, and I think more money flows.

But poverty in rural America is just as dangerous and treacherous and sad as in urban America, and making sure there's some equity between the two -- I look forward to continuing to work with you on how we can address these issues in rural America and thank you for your...

HENSARLING:

Time.

(CROSSTALK)

DUFFY:

... service. I yield back.

HENSARLING:

Time -- time of the gentleman has expired.

The chair now recognizes the gentleman from New York, Mr. Meeks.

MEEKS:

Thank you, Mr. Chairman.

Secretary, good to see you.

CARSON:

You too.

MEEKS:

Let me first just say that Puerto Rico needs all the help that it can get, and we need to make sure that we're doing what we need to do. And I would also say that the U.S. Virgin Islands, because I didn't hear you mention -- but the U.S. Virgin Islands cannot be forgotten about.

Puerto Rico, the U.S. Virgin Islands are American citizens, and we need to do all that we can to make sure that the conditions that they're in, due to no fault of their own, but this national (ph) disaster -- that HUD does what it can to make sure that these individuals get back on their feet.

CARSON:

Agreed.

MEEKS:

Now, our life story's somewhat similar. I grew up in public housing, which is very important to me. And the opportunity to move on, you know, there (ph) was great, in the sense that there was -- you know, looking for homeownership.

And I know -- and I think that you said during your testimony that there has not been a tremendous amount of progress at relieving poverty with housing programs. I could tell you that, if it wasn't for housing programs, I probably would still be in poverty.

And I could name friend after friend after friend who grew up in the same public housing development that I did, who no longer lives there, who would be in poverty if it wasn't for a housing program, a decent place to live over their heads, et cetera, which is HUD's mission.

And when you look at the fact that individuals that were preyed upon -- because I know that you also believe, as I do, that the goal is homeownership, but those individuals, many of them, who lived in public housing, who thrive to live -- aspire to live in a home and own a home -- they were the ones that were victimized by exotic mortgages, and they were the targets, et cetera.

And now, they are forced back into rent -- to renting their apartments and homes, and need housing programs so that they can continue to have a roof over their head, so that they can get out of poverty.

And one of the pieces that I am concerned about that we have at HUD now is the DASP program, Distressed Asset Stabilization Program, which seems as though we're selling homes to private equity firms, who has no interest in making sure that we stress homeownership and make sure that individuals stay in their homes.

There, it's just about the dollar. And so I was wondering, what is your vision for the DASP program going forward? And do you -- or do you expect the program to continue?

CARSON:

OK. First of all, public housing is important, and assisted housing is important. The point was that, even though it's important, we need to be looking at ways that we can reform it, so that we can make more progress in terms of getting people out of poverty. But definitely, I don't want to get rid of it.

As far as the DASP program is concerned, you know, we have to, again, be cognizant of our responsibility to taxpayers. And that means not taking on and keeping a lot of -- a lot of properties that require a lot of taxpayer money. If we can find ways to dispose of those properties, absolutely, we want to do it.

But we have written into the regulations a requirement that people who are in those houses cannot be expelled from them for several months. So we try to give people appropriate time to be able to get out.

MEEKS:

So let me just ask, could -- in (ph) the DASP program then target local municipalities and non-profits in buying these bulk homes? Because I know that they have the interests of putting people -- and keeping people in those homes.

If that program was designed so that local municipalities, who have a vested interest in this, and not-for-profits -- then it would be something that would encourage, I think, the same thing that you're talking about...

CARSON:

Yeah.

MEEKS:

... (OFF-MIKE) people into home ownership.

CARSON:

I agree with you. And I know that the former mayor here in D.C. has been working on that kind of issue, and we'd be happy to work with you. The -- I think our goal is obviously to get that property into the hands of private citizens, if we can do that. I'm...

(CROSSTALK)

MEEKS:

Let me just -- because I only have 11 seconds, I just want to get this in, because I think it's tremendously difficult -- also, if you look at the public housing stock in my district, for example, with 1.1 million families living in public housing -- but if you cut all the money that goes into repairing those homes -- any roofs that leak, to get rid of the walls that are mildew -- then there's no way that you can repair them if you don't have the money to reinvest in them, just as in a home.

HENSARLING:

Time of the gentleman has expired. The chair now recognizes the gentleman from New Mexico, Mr. Pearce, chairman of our Terrorism and Illicit Finance Subcommittee.

PEARCE:

Right up here. Thank you. Appreciate you being here today, sir. We appreciate the work that you're doing.

CARSON:



Thank you.

PEARCE:

Now, recently, the New Mexico delegation sent you a letter about the vacancy in the Albuquerque HUD office. Are you making any progress on finding someone to fill that position?

CARSON:

Yes, we're making very good progress on that, and you should be hearing something soon.

PEARCE:

OK. Appreciate that.

Now, I visited with you before about Native American housing. It's -- Native Americans are sometimes located in some of the deepest poverty areas in the -- in the country. I watched my families (ph) -- maybe not the same circumstances as yours -- work our way up through, out of poverty, one small house at a time.

And so, I'm pretty passionate about NAHASDA, Native American housing. Just this last week, I visited the two of the, I guess, really good examples of what tribes can do to provide housing.

And so, again, I've invited you in the past. I would like to re- extend that invitation to come and visit, to see what tribes are doing to build houses for their own citizens and extending their mortgage rules to where banks, at -- in some cases, are financing the houses on Indian reservation, which has not happened much in the past.

And so I think it's very innovative. But -- and so when you talk, then, in the broader case about your forward initiatives and the restore, these are things that I can identify as having worked in our life. I hear your story about how they've worked in your life.

And so I really appreciate your bringing your world experience in, and implementing it into a format that hopefully others can reach. Tell me a little bit about the public-private partnerships that you visualize, and some of the community initiatives.

CARSON:

OK. First of all, thank you for the work that you've done with the Native American community. I had an opportunity recently to go out to Montana and visit with some of the tribes there, as well as a multi-tribal council, and visit with some of the young people there and look at some ideals for really moving that along. And NAHASDA, with the help of Congress, will get the re-vamped very soon.

As far as a public-private partnerships around the country, they've been amazing, and it's really the new way that we do things at HUD, rather than riding in with a big bucket of money and saying, "Build this place for these people," you know, getting the local private sector involved in a way that they actually

have significant investment, so that the success and maintenance of the neighborhood is incumbent upon -- it's incumbent on them, to maintain their financial benefit.

So -- and that's the way should be, win-win situations all along. The other thing about that some of these public-private partnerships -- instead of just building a house or putting a roof on, you know, they're trying to build communities, because you need a variety of different things in order to create a healthy community in any part of the country.

CARSON:

And, you know, hopefully, later on, I'll have an opportunity to talk a little bit about the Envision centers that we are working on -- hopefully be opening the first one in a couple of months -- that will really add a lot to complete communities.

PEARCE:

Thank you, sir.

Being a veteran myself, I noted that you said that you are concentrating on eliminating veteran homelessness. Can you give me a little bit more specifics on what's going on in that program?

CARSON:

Yeah. Over the -- over the last relatively short period, homelessness for veterans has been decreased by 47 percent, and is still going down.

We're working with the Veterans Administration, as well as across multiple agencies, because I believe that that is something that we can completely eliminate. The HUD-VASH program has been very successful. In fact, we had extra vouchers left over last year.

One of the things that I think would be very helpful to us, working with your committee, is, you know, having less restrictions on how we can distribute those vouchers, because there are some places where there's absolutely no one who needs them, and other places where they do need them. We need the flexibility to be able to transfer them to the appropriate places.

PEARCE:

Thank you, sir.

Mr. Chairman, I see my time is expired. I yield back.

HENSARLING:

Gentleman yields back.

Chair will now recognize the gentleman from Massachusetts, Mr. Capuano, for five minutes.

CAPUANO:

Mr. Chairman. Thank you, Mr. Secretary, for being here. I'd to yield my time to the ranking member, Mrs. Waters.

WATERS:

Thank you very much, Mr. Capuano.

I have serious concerns about the potential conflicts of interest with regard to HUD funds that are contributing to the profits of multifamily developments owned in part by the president and his son-in-law, Jared Kushner.

Do you think it's appropriate that the president and his family are profiting from federal government funding intended to support low-income families?

CARSON:

If you can give me a specific example, I can address that question.

WATERS:

Well, I want to know if you think it's appropriate that the president and his family are profiting from any federal government funding intended to support low-income families.

CARSON:

I don't think it's appropriate for public officials in general to do that.

WATERS:

OK. Do you stand by the president's decision not to divest himself of his interest in properties that receive HUD funding?

CARSON:

I think the best thing to do is tell me specifically what you're talking about, and then I can address it.

WATERS:

What have you done to ensure that HUD is properly handling these unprecedented conflicts of interest?



CARSON:

Again, if you can tell me what the specific thing is, I can address it.

WATERS:

These properties that are owned in part by the president or Mr. Kushner are also reportedly in very bad condition. You know Starrett City, don't you?

CARSON:

Yes, I know of it.

WATERS:

For example, which is part owned by the president -- you know that, don't you?

CARSON:

I do know that he has...

WATERS:

And you know it has received increasingly...

CARSON:

... a small part ownership of that.

WATERS:

... declining HUD inspection scores. You know that, too, don't you?

CARSON:

Do I know what, now?

WATERS:

That it has increasingly declining HUD inspection scores.

CARSON:

I know that there are problems there, yes.

WATERS:

But, specifically, do you know that Starrett is a problem, that they have received increasingly declining HUD inspection scores? Do you know that?

CARSON:

I know what it is necessary to know as the secretary of HUD, regarding that. Do I know all the numbers about Starrett...

(CROSSTALK)

WATERS:

No, I don't want you to know all of the numbers. All I want you to know is about Starrett. Starrett -- everybody kind of knows a lot about Starrett, and it's partially owned by the president.

You are the HUD secretary, and you're in a conflict of interest situation. And I just want to make sure you understand what you are overseeing. Do you know that they have declining HUD inspection scores?

CARSON:

I know that they've been having difficulty.

WATERS:

OK, so you know that -- that they have not passed inspection. What are you doing to ensure that these HUD residents are not suffering as a result of poor management and lack of investment by its profit-motivated owners?

CARSON:

Well, of course, we oversee the PHAs that are involved with that, and work with them, as we do with the ones all around the country.

WATERS:

We've learned that the owners of Starrett City -- the biggest project-based Section 8 contract in the country, of which Trump is part owner, are planning to sell the property. This sale is already rife with controversy, as infighting between the ownership is playing out in public.

To date, we have no knowledge of how HUD approves the transfer of Section 8 contracts when a property is not FHA insured or HUD-held, as Starrett City is, because HUD has not published its process.

HUD has the ability here to insist upon things like robust tenant protections and longer affordability requirements, but the process is frankly unknown. Have you gotten involved with this? It's a big issue.

CARSON:

We have a very well-formulated group that deals with these kinds of issues, and they will deal with this one in the same way that they deal with all such issues. There won't...

WATERS:

So they have not...

CARSON:

... be anything that's done differently here than has been done.

WATERS:

... they have not kept you apprised of what they're doing?

CARSON:

Excuse me?

WATERS:

Are you satisfied with the progress that they're making?

CARSON:

They will handle this as they have handled all things, and it has...

(CROSSTALK)

WATERS:

So you don't know? They have not kept you apprised; you don't know whether not the process is working.

So I would like a full accounting of the process that your department is planning to employ, including all decision points and who will make them, should this process move forward. And so I want you to commit to that because, again, this is a big project that's owned partially by the president of the United States.



And I want to know how this sale is going to work, what kind of protection these tenants are going to have. And you should keep yourself apprised of it, because I'm going to want to know, as others will want to know, how it is progressing.

CARSON:

We'll be happy to work with you and your staff to disseminate that information.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentlelady from Missouri, Ms. Wagner, chairman of our Oversight Investigation Subcommittee.

WAGNER:

Thank you, Chairman Hensarling, and thank you, Secretary Carson, for your testimony this morning, for being here. Welcome; we know that you've been on the job for just a brief for five or six months. We're glad to have you in front of the committee for the first time.

CARSON:

Thank you.

WAGNER:

As you know, the Committee Development Block Grant program, CDBG, is HUD's third-largest program. But what is often forgotten is that the CDBG disaster relief program, which is designed to help communities and neighborhoods recover from costly disasters -- while the committee has long been concerned by the previous administration's misuse of Community Development Block Grant disaster relief funds, it is important to note that Congress recently provided the program with \$7.4 billion in funding.

Understanding again, that you have only been with HUD since March and this is the first disaster relief effort you've been involved in, are you aware, Mr. Secretary, of some of the problems -- some of the concerns of the program, especially regarding prior misuse of funds? And what importance do you place on making sure these programs go to -- go to the Americans who need them most?

CARSON:

Well, first, I'll thank you for that question. It's very important to point out that CDBG and CDBG-DR are different programs....

WAGNER:

Correct.

CARSON:

And CDBG-DR has been, obviously very, very important in disaster situations like the ones that we've recently seen. There are very good things that have been done through the program. And there are some things that perhaps are quite questionable that have been done.

It doesn't mean that we are not recognizing the things that are good that have been done, and the things that need to be done in terms of infrastructure and redevelopment and development of communities. And those things will continue to be done, without question.

So, you know, I'm not questioning the things that have been effective and that have worked. We're questioning the things that have wasted taxpayers' money. And we have a way of reforming those things.

WAGNER:

Wonderful. I'm glad to hear that, Mr. Secretary.

As the chairman of the -- of the Oversight and Investigations Committee here on Financial Services, we're going to be looking into the program, and -- in even a potential upcoming hearing.

And I just ask for your commitment and cooperation to work with -- with this committee on finding those very solutions that will improve effectiveness, efficiency, and, probably most importantly, taxpayer accountability regarding the Community Development Block Grant disaster relief program.

There are ways, I think, for rules -- putting rules for the program in statute, limiting -- putting limits on money, deadlines, perhaps recapturing of funds, even just better tracking of funds. So I hope that you'll be willing to work with us.

CARSON:

And all of those things will be done. And that's why we've -- we put together a more businesslike approach. And we'll very much (ph) be looking forward to working with you on that.

WAGNER:

I appreciate it.

Staying with that theme, I wanted to go back to something you said in your testimony. And I quote, "While pursuing his mission to provide safe, decent and affordable housing for the American people, the HUD team is also cognizant of its vital duty to be good stewards of taxpayer dollars and, like the medical dictum" -- I love this the best -- "to first do no harm."

Having spent \$1.6 trillion in taxpayer funds since its creation in 1965, is HUD -- just a broad question -- is HUD making life better for American cities and other communities?

CARSON:

A lot of good things have been done. There's no -- I don't -- I don't want to disparage the efforts of the people have put into this. But I see all the things that have been done before as stepping stones to help us to get to where we want to be. And, you know, I have a tendency -- not spend a lot of time disparaging people.

WAGNER:

Well, I appreciate that. I'm interested to know how HUD -- how you -- what your perspective is on measuring success, beyond the number of programs it serves or creates, or the amount of money spent.

CARSON:

I think success for us will be not the number of people we get into these programs, but how many people we get out of it, how many people actually climb that ladder of success and become self-sufficient. And that's what our programs are all going to be aimed at.

WAGNER:

Mr. Secretary, I find your approach refreshing and uplifting. I thank you for your testimony here today. And, Mr. Chairman, I yield back.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Georgia, Mr. Scott.

SCOTT:

Yes, Mr. -- Secretary Carson. Tell me, why do you think President Trump asked you to be secretary of HUD?

CARSON:

Probably because, before I endorsed him, we spent a lot of time talking about what was happening particularly in some of our disadvantaged communities, and how we really needed to recognize that, if we're going to succeed as a nation, all those people have to succeed as well.



SCOTT:

Well, let me ask you this. It just seems to me that -- I believe that the president put you there to give cover to cutting and eliminating the CBDG (sic) program. Let me tell you why.

First of all, this is -- this is the crucible of the whole argument. You should be at the forefront of telling the great story of success of the CBDG (sic) program, the fact that it has created and retained 386,000 jobs for low and moderate-income people.

The CBDG (sic) program has benefited 42 million low and moderate-income persons through public improvements, including senior citizens, child care centers, centers for people with disabilities, veterans, veterans with disabilities. It's benefited 133 million low, moderate-income persons through public service, like employment training. The funds have been used to assist credit-worthy working families with down payments and closing cost assistance on their homes.

You should be out here shouting the success of this program, but rather, I believe that the president has you there to give cover to cutting this program and eliminating it. Here's what you told the New York Times, Mr. Carson, when this issue was brought up.

In July of this year, you said, "I know that the CBDG (sic) have been called out for elimination." You said that. "I know that the CDBG program has been called out for elimination." Was it President Trump that called that out? Who else could?

My impression is that what the president is really saying is that there are problems. And you said this: "I think it was someone on his staff who kind of said, well, maybe we should just get rid of the whole CBDG (sic) program."

Well, I'm here to tell you, Mr. Secretary, I'm not going to let you do that, and I believe we have enough Democrats and Republicans, because this is a bipartisan program that is doing well.

And you would do well, Mr. Secretary, to stand up and fight back in this administration. It needs help, when it comes down to dealing with hurting Americans. And you are in this position, being Secretary, not just because of what you said. "Well, even if we cut these funds, I believe that the American people are a compassionate people."

Well, Mr. Secretary, you should know better than anyone that compassion alone won't do it. It wasn't compassion alone that got you sitting where you are right now. Somebody had to give you and your family and others a financial helping hand.

We need you to speak up and fight back in this administration. Talk that talk.

HENSARLING:

Time -- the time -- the time of the gentleman has expired.

The chair now recognizes the gentleman from Missouri, Mr. Luetkemeyer, chairman of our Financial Institutions Subcommittee.

LUETKEMEYER:

Thank you, Secretary Carson. I'm over here.

CARSON:

OK.

LUETKEMEYER:

Welcome.

Last year, President Obama signed into law the Housing Opportunity Through Modernization Act of 2016, legislation I introduced with my friend and colleague from Missouri, Mr. Cleaver. He's here this morning.

Part of the legislation required the FHA to streamline rules that apply to condominiums. Last September, the department published a proposed rule, and just for timing's sake, can you give us a sense of timing on the final rule, when you anticipate it being -- coming out and being finalized?

CARSON:

Yeah. Well, there were like 28 different sections that had to be satisfied, three-quarters of which have been satisfied. So we're coming down the home stretch on that. And it's really very important because, you know, condominium purchase is frequently the first step into homeownership.

And homeownership is a vitally important part of the economy of our nation. And wealth accumulation - it's the primary source of wealth accumulation. The average homeowner has an accumulated wealth of \$200,000; the average renter, accumulated wealth of \$5,000.

So it is a big issue and one of the reasons that, you know, I'm looking for ways to get a lot of people who are relatively complacent with renting to be homeowners. But we have to do it in a responsible way.

LUETKEMEYER:

Appreciate the comment.

Last month, the Congressional Budget Office released a report entitled "Options to Manage FHA's Exposure to Risk from Guaranteeing Single-Family Mortgages." The purpose of the report was to provide policy options that are designed to further the true mission of FHA, while also improving the agency's financial position. I assume your staff has read that report.

CARSON:

Yes, they have.

LUETKEMEYER:

And are you aware of it?

CARSON:

I have -- we've had some discussions.

LUETKEMEYER:

OK. What -- of the provisions that are in there, are you looking at, you know, implementing some of those? Or are you able to talk about some of it yet that you've got some plans on? Or are you just still reviewing the report?

CARSON:

Those are things that obviously we'd be very happy to work with you on. I am looking forward to having an FHA commissioner involved in those discussions, as well.

LUETKEMEYER:

You have an -- have an idea of when that individual will be appointed?

CARSON:

I'm hoping, very shortly. It's been quite an ordeal getting people in place.

LUETKEMEYER:

I understand.

As housing costs continue to grow and demand for rental housing continues to escalate, but incomes for many low-income families remain stagnant -- given these realities, demand for affordable housing has increased dramatically since the economic crisis. What innovative programs is the administration considering to provide access to housing?

CARSON:

Well, as you probably know, right now, we're only able to provide about one in four or one in three people with affordable housing who are looking for it. We have an extensive waiting list.

And one of the things that is really helping to cut down on the backlog of people are some of these public-private partnerships, particularly through the RAD programs, that have that taken these places



that have the big backlogs of capital improvements that need to be made and, by partnering with the private sector and through LIHTC and things of that nature -- creating vast numbers of affordable units.

I was in Florida and Miami recently, Liberty Square, where they are demolishing 700 units and replacing them with 1600 units, which are very nice and are complete neighborhoods. Those are the kinds of things that will help us to make progress, and will make progress a lot faster than we did with the old model.

LUETKEMEYER:

I've only got a minute left, but I was just kind of curious -- you know, you talked about the hurricane relief that you're working, improvising (ph) -- providing some housing solutions. Can you elaborate a little bit more on and explain?

We've had, you know, three major storms here, and had another storm hit last week. How is -- how is your agency providing relief and help for those folks?

CARSON:

Well, you know, this is an unprecedented situation that has occurred with this level of hurricane activity so close, one after another. We've been involved with each thing. Even before it hit, we had people on the ground -- volunteers on the ground, assessing what the needs are.

How many people do we have who have been displaced? How many units are there. You know, in Puerto Rico, for instance, you know, there's 203 multifamily units with over 2,100 units, and the vast majority of those are assisted housing.

Finding out what happened to those people, where are they located and how can we get them most quickly back into things -- the initial response is through FEMA, and we work very, very closely with them. We rely upon their numbers to help with the long-term recovery aspects of what we do.

LUETKEMEYER:

Thank you very much. My time is expired.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from California, Mr. Sherman.

SHERMAN:

Thank you. Lot of (ph) focus on the FHA program -- the prior administration was in the process of implementing a 25-basis-point reduction of the premium that would've saved the average borrower

\$500 in the first year, and more in high-cost areas like mine. A million homeowners would've benefited, and they would've saved over \$27 billion.

In your confirmation -- of course the -- before you were nominated, the administration halted that plan to reduce the premium by 25 basis points. During your confirmation, you agreed to look at that policy with the possibility of reinstituting that 25 basis points of decline.

We also see that, back in -- until 2013, you stopped making premiums when you reached a loan-to-value ratio of 78 percent. You had 22 percent equity in the property, and at that point, it was thought you did not need insurance to make insurance premium payments. That was reversed in 2013.

Are you moving toward, perhaps, reducing the insurance premium by 25 basis points? And are you examining going back to the policy of saying, "Once you have 22 percent equity, you don't have to make premium payments"?

CARSON:

Certainly both of those things are under study, being looked at very carefully. I personally don't want to make the commitment in terms of either one of them right now, because we're so close to having an FHA commissioner. But do bear in mind that we want the prices of homeownership to be as low as possible, while still protecting the taxpayers.

SHERMAN:

And how will the recent reverse-mortgage changes impact the Mutual Mortgage Insurance Fund, the FHA Insurance Fund? And do you expect additional changes to the reverse-mortgage program?

CARSON:

When the reverse-mortgage program was initiated, I think it was done with very good intentions, but without really looking down the pike. And people were taking out much larger amounts of their equity, in the beginning, than was sustainable. And this was leading to a lot more problems than it was helping.

It's also resulted in a much higher default rate, and that's been a big drain on the MMIF. So the changes that we've made will sort of stop the bleeding, in terms of new mortgages -- or reverse-mortgages.

And the forward mortgage program is doing extremely well. So were doing some draining from the reverse-mortgage, but we are doing a lot of putting into the fund from the other. So we're very close to the 2 percent right now.

SHERMAN:

Thank you.

CARSON:

We obviously need to watch further before we do...

(CROSSTALK)

SHERMAN:

I want -- I want to get into -- to one other issue. Beyond your responsibilities for Housing and Urban Development, you have other responsibilities under the Constitution, along with other Cabinet secretaries, particularly Section 4 of the 25th Amendment. And we all live by this Constitution.

I -- the -- Section 4 deals with the possibility that a president is unable to discharge the powers and duties of his office. Have you taken the time to get legal counsel to brief you on what your responsibility is, as a Cabinet secretary, under the 25th Amendment?

CARSON:

I have not had any in-depth discussions of that.

SHERMAN:

I would urge you to do so. This amendment was written in the early '60s as a result of what we -- life that happens, whether it's the dangers that a president faces, whether it's the health problems a president can face.

I would urge you first to get legal counsel, to know what your responsibilities are, and second, to discuss with other Cabinet officers how you would implement Section 4 of the 25th Amendment.

I yield back.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentleman from Kentucky, Mr. Barr, committee chair of our Monetary Policy and Trade Subcommittee.

BARR:

Thank you, Mr. Chairman. And, Secretary, welcome to the committee and...

CARSON:

Thank you.



BARR:

... thank you for your service, not just as a public servant, as secretary of the department, but also as a physician in private life, and for helping so many children, and most of all, for the example that you have set that hard work, integrity, persistence -- that those are values that are critical to escaping poverty. And thank you for expressing the viewpoint that many of us have, that government dependency often undermines those values.

As we've talked many times, my district in Kentucky unfortunately has one of the highest opioid addiction rates in the country. Unfortunately, the Commonwealth of Kentucky suffers under the third highest drug overdose mortality rate in America.

But the good news is that I've seen success of evidence-based transitional housing programs, including St. James Place, Recovery Kentucky, Revive, Shepherd's House. These are organizations that help individuals coming out of recovery and -- transition back into the workforce through job training, financial literacy and counseling services.

Unfortunately, HUD's Housing First program has not been helpful; individuals who come out of addiction rehabilitation are placed in housing situations where their neighbors are abusing the very substances that they once abused themselves. This contributes to a cycle of addiction that tears apart our communities and also is very costly to the American taxpayer.

Does HUD have any plans to address this issue, in light of the opioid epidemic? Have you considered the need for support of transitional housing programs as an alternative to the very counterproductive Housing First program?

CARSON:

Well, the homelessness is a big issue, and I think one that we as a nation actually have the opportunity to resolve. Housing First, I think, gets a bad name because people think we're just getting people off the street, and then we're forgetting about them. And maybe some people have done it that way. We're not doing it that way now.

We believe in Housing First, housing second and housing third. Housing First -- you get them off the street because, you know, you leave them under that bridge for a year, they're going to end up in an emergency room, frequently end up getting admitted.

A week's admission costs as much as a year or more of housing, so that really doesn't help us very much. There are a lot of statistics I can give you in terms of how much they cost when you don't house them, versus when you do.

But -- so you get them housed first. Secondly, you diagnose why they were in that condition. That's critical. And, in housing third, you fix it. So, you know, I don't think it's appropriate just to get them off the street and forget about them and move on to the next project.

BARR:

Well, thank you, Secretary, for that answer. And I also appreciate your desire to see greater flexibility in HUD-VASH, and seeing the success in HUD-VASH. St. James Place, my district -- I've invited you to come see what they're doing with HUD-VASH.

The flexibility that you're requesting -- we want to help you with that, because organizations like St. James Place are using the HUD-VASH program to great success, requiring work, requiring sobriety, helping these people, not just measuring success by how many veterans they're housing, but how many veterans are leaving and graduating that program.

And again, I want to invite you to come...

CARSON:

OK.

BARR:

... see the good folks at St. James Place in Lexington, Kentucky.

Dr. Carson, I introduced an amendment on the House floor last month to stop overreach by your department. And that amendment prohibited HUD from using funds to implement, administer or enforce three HUD actions inconsistent with statute and negatively impacting manufactured housing.

As you can imagine, in rural Kentucky, manufactured housing is a terrific affordable housing opportunity for many of my constituents. As the leader of HUD that regulates manufactured housing, can you undertake an effort to comprehensively review all of these regulations impacting manufactured housing, and direct your team to utilize this information so that any new regulations do not have unintended cost consequences?

CARSON:

Yes, we have a regulatory reform committee that has been formed at HUD for just purposes like that.

BARR:

Well, thanks for that.

And finally, while we all abhor discrimination, the prior administration enacted regulations that you described in a 2015 Washington Times op-ed as government-engineered attempts to legislate racial equality, that create consequences that can make matters worse.

This is, of course, the disparate impact regulation. Is HUD actively working to ensure -- to revise that 2013 rule, to avoid the problems you outlined in your article?

CARSON:

We are making things logical, making things make sense. So, you know, the Fair Housing Act of 1968 was one the greatest pieces of legislation ever. I'm a big fan of it, and certainly don't want any discrimination of any type going on under my watch.

But we also don't want regulatory burdens to impede our ability to get things done, and we don't want to penalize small municipalities that don't have the ability to hire consultants and do all kinds of things to comply with those issues...

HENSARLING:

Time...

CARSON:

So logic takes (ph)...

(CROSSTALK)

HENSARLING:

... time of the gentleman has expired.

The chair now recognizes the gentleman from Missouri, Mr. Cleaver.

CLEAVER:

Thank you, Mr. Chairman.

Again, thank you, Mr. Secretary, for being here. And I don't want to be melodramatic, but, when I was elected, I didn't -- you know the press said, "What do you want to do?" And I don't want to be speaker, I don't want to be assistant speaker, I don't want to be the person in charge of trash, whatever.

All I wanted was to be on the subcommittee on housing -- only thing I ever -- that was my biggest aspiration, coming to Congress. And it was because of my background, and what I had seen, and what I - - what has hurt me personally, and many other people over the years, which is when people make disparaging comments about people living in public housing.

I mean, you -- you and I grew up very similarly, so, you know -- you know that that's not something that can, you know, give you great joy. My father, living in his home today, I -- my goal is to never let him know ahead of time that he can watch us on C-SPAN, because I don't want him, having done all the work he did to get four kids out, to hear some of the things that people unintentionally say, because this is the house I lived in for seven years.

Six people -- my mother, my father and my three sisters -- seven years. My father worked three jobs, like a lot of the other people in our community -- three jobs. Willie Taylor (ph), Nelson (ph), Katie Boston (ph), Percy Cleveland (ph), Troy Criner (ph) -- classmates of mine -- their parents were doing the same thing.



I've never heard a person, as of today, say, "Boy, I can hardly wait to get my own public housing unit." This is a serious thing to me, my family and a lot of other people.

My goal is to do something, before I leave here, more than I've done, and hopefully, can inspire others to want to do something -- to do some major overhauls of some of our policies. And Mr. Luetkemeyer and I were able to do 3700 together, and I want to ask you a question about that.

But I want it to be known that helping one family will not change the world, but it will change the world for that one family. And people want help, and they need it from time to time.

If you -- if you look at 17 in Genesis, when Abram left Ur to the land -- going toward the land of promise, he stopped at a place called Haran. Many theologians call that the halfway house. He stayed there until he could find a better route to get to the Promised Land.

Public housing is Haran. A lot of people stay there until they can get someplace else. My father -- my father sent my mother to college from when I was almost in the -- in the seventh grade.

I yield back the balance of my time.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentleman from Michigan, Mr. Huizenga, chairman of our Capital Markets Subcommittee.

HUIZENGA:

Dr. Carson, up over in this corner, over here to your right. A little further to your right, here.

CARSON:

That right.

HUIZENGA:

Yes. I know, with the configuration, it's sometimes difficult. And I see my colleague has just left, and I know it was very emotional for him. I think this is a very emotional issue for a lot of us.

I, in my family, have -- I have a father was born in 1921. He passed -- passed away a year and a half ago. My mother was born in 1931. They lived through the Depression. My mother lived in Flint -- that's where she born -- was born and raised.

Recently, with the Flint water crisis that was going on, I went and visited. I asked my mom for a couple of the addresses where her family had moved around to. And I had -- I'm getting choked up, myself. I had my fourth son with me, who was 13. And I stopped. I stopped the car in front of the houses, and the house -- the main house that my mother grew up in.

And I had cousins and uncles and aunts that all lived there. In fact, I had one of my cousins, frankly, reprimand me and ask me, "What in the world were you doing in that neighborhood?" I know how hard people have worked to get out of those situations. I saw it. I witnessed it. I've seen it with my own mom, as well.

And it pains me that my colleague, my friend, has felt that he is heard disparaging remarks about those who live in public housing. That was his quote. I wrote it down. And he said, and this is -- this is the inspirational part, "A lot of people stay until they can get somewhere else."

And I know that's my goal. I -- I believe that's his goal. I trust that that's your goal as well. And I think the question and the debate that we have is, how do we get that to happen? How do we allow that? Because, as I've seen some of your discussions and we've had a chance to talk in the past, not everybody takes advantage of those opportunities to move ahead, or to get out of a particular situation.

And I believe what you're doing with moving to work to allow flexibility for these public housing authorities, to attract private- sector folks in there, attract these outside opportunities, is commendable. And it's my understanding that about 55 percent of able- bodied adults receiving housing assistance are working. And that, to me, is a key.

How do we -- how do we make sure that we are giving those folks who are working hard -- you know, non-senior citizens, non-disabled, the able-bodied, working -- or able-bodied individuals, you know -- do you -- do you support these work requirements and those things that are being tried to sometimes nudge people out of a -- out of a comfort zone?

CARSON:

Well, thank you for asking that question. You know, we all come at this from different angles and different life experiences. But, you know, when you really sit down and talk to people from all these different places, we all really have similar wants and desires, and we allow ourselves sometimes be manipulated into thinking that we're enemies.

We're not enemies. And, you know, this issue of getting people to excel and realize the talent that God has given them -- it's a serious issue because, you know, there are those who would have everybody to believe that you're a victim, and that everybody's against you.

We need to be concentrating on how can we actually get people to climb that ladder of opportunity. We have to recognize things like education. It doesn't matter where you come from or what your background, if you get a good education in this country, you're going to write your own ticket. We need to emphasize that. That needs to be integrated into our living situations, as well.

Health care needs to be taken out of the political arena. We need to be putting clinics into our neighborhoods so that people don't use the emergency room as their primary care. That costs five times more, and also, you know, you wind up with all the stage IV diseases because people don't have consistent care.

All of these kinds of things, we can solve, if we as Americans are willing to work together and not allow ourselves to be polarized.



HUIZENGA:

On closing seconds, I believe that we need to look at how current housing assistance programs either incentivize that, or hinder that opportunity. And hopefully you'll be able to talk more about that.

CARSON:

Absolutely.

HUIZENGA:

Thank you.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentlelady from New York, Ms. Velazquez.

VELAZQUEZ:

Thank you, Mr. Chairman.

Dr. Carson, I'm here. I'm the only member who is a Puerto Rican American citizen who sits in this committee. So, since I don't have the -- President Trump in front of me, I just would like for you to let him know how shameful all the tweets that he put out this morning -- how offended and insulted I am as an American citizen.

And I would like to suggest that the president get some history lessons regarding the Puerto Rican relationship with the United States. In 1898, American troops invaded Puerto Rico. American troops took over Puerto Rico.

In 1917 -- so Puerto Ricans didn't invite the United States Armed Forces. It was invaded. So with that invasion comes responsibility. In 1917, American citizenship was imposed on Puerto Ricans -- timely (ph), so that they could join the Armed Forces and fight in World War I.

So those tweets are unpresidential. The most basic, fundamental responsibility of the president of the United States, the president of the most powerful country in the world, is to show up and make -- and provide the assistance and the relief that American citizens needs.

They don't need this type of insult. And by the way, why is it that he doesn't put the same tweets when it comes to Texas or Florida? You invaded Puerto Rico. We invaded -- the United States of America invaded Puerto Rico.

My uncle participated in the Korean War. We shed blood to defend the freedoms that every American in this country enjoys. So to kick fellow citizens when they are down is shameful.



You said that you're providing assistance for those who lost their homes in Puerto Rico. I hear from the National Low Income Housing Coalition and affordable housing groups on the island that the federal government's housing response has not been sufficient.

What are you doing? In my hometown, Yabucoa, we lost 10,000 homes that were destroyed. What kind of assistance are you providing?

CARSON:

Well, thank you for asking that question. And, you know, I too sympathize greatly with the people who've lost so much. You know, there's 114,000 single-family homes that are FHA-backed, and that -- many of them have sustained significant damage.

Our people are on the ground, including one of our associate senior assistant secretaries, Nelson Bregon, who is a Puerto Rican and has been extraordinarily helpful to me. He's moved over there. We have dozens of others...

VELAZQUEZ:

So what kind of assistance are you providing for those who lost their homes?

CARSON:

... dozens of others who've gone over there.

And what we are providing are insurance for those who've lost their homes through Section 203(h), 203(k) for rehabilitation of homes.

VELAZQUEZ:

Mr. -- Dr. Carson, are you working with some housing groups on the ground?

CARSON:

And I will be going to Puerto Rico myself next week.

VELAZQUEZ:

That's great, but that doesn't provide the assistance that they need today. You know, people are dying.

CARSON:

I'm very...

VELAZQUEZ:

And it's the reason -- it's the raining season in Puerto Rico. I understand that FEMA promised to bring parts for roof that were lost. It's the raining season. People are dying today.

CARSON:

FEMA is the first responder there. They are gathering information. We're working with them in that process for the long- term recovery.

VELAZQUEZ:

Dr. Carson, when you were nominated by the president, I said, "What does he know about housing?" But then, you know, you're a doctor, and you said that you're going to take care of those who are suffering from health issues in public housing.

I see a disconnect between your confirmation hearings and your commitment to address the issue of asthma, respiratory illnesses in public housing, and cutting \$2 billion out of the capital and operating funds for housing.

Do you believe that (ph)...

HENSARLING:

The time of the gentlelady has expired.

The chair now recognizes the gentleman from California, Mr. Royce.

ROYCE:

Thank you, Mr. Chairman. Mr. Secretary, at the -- at the outset here, I just wanted to invite you to come to my district, especially out to San Bernardino, California, where the housing authority is working on a Moving to Work program.

It's an agency that's been up and running for some time there, and it's running very, very effectively. And they've had a number of successful self-sufficiency programs, including homeownership programs and term limits on those, and work requirements. We'd love to have you see this firsthand, if you could.

CARSON:

Sir.

ROYCE:

Wanted to extend that. And I was wondering if you could talk a little more about what the department is doing to advance MTW, as it's called, the Moving to Work program, and other sustainable best practices which lift people out of their situation, and on to economic independence.

CARSON:

Sure. Thank you for that question. The Moving to Work initiative really was to provide various municipalities with the ability to be flexible, recognizing that they were probably the people who best knew what their needs were. And this really allows for a significant amount of innovation.

The first 39 districts that benefited from this have produced some pretty good results, and that has resulted in us extending the program to another 100 communities over the next seven years.

I'm hopeful that we'll be able to go far beyond that. And we look forward to working with you on ways that we can expand that program. We're looking for everything that is highly effective.

ROYCE:

Very good.

CARSON:

And, you know, some of the programs that have been talked about here this morning have had some components that are highly effective. We are going to make sure that we learn from those things and continue to push those things. There may be different mechanisms to do it, but we're not going to abandon those things. That would be foolishness.

ROYCE:

And two other questions. One is the department -- the department is reviewing its policy to allow PACE liens on FHA finance loans. As you know, the defaults on these loans are on the rise. And I was going to ask if you could comment on when you might make a decision on whether to withdraw the current mortgaging (ph) letter or clarify how the FHA will treat these PACE loans.

CARSON:

Well, you know, obviously it's a serious issue when you put in the first lien position somebody other than the major lender...

ROYCE:

Exactly.

CARSON:



... that's an issue.

ROYCE:

It's very concerning to us.

CARSON:

Yes, that's very concerning to me too, and we're taking that into consideration. We'll have a decision on that soon.

ROYCE:

And one last question -- as you know, Mr. Secretary, the GSEs have engaged in significant credit risk sharing transactions. This shields American taxpayers to some extent, and Gwen Moore and I have a bill to get them to do even more in terms of that approach.

I've told -- been told that the FHA may have the authority to do similar risk sharing transactions, or at least purchase coinsurance to reduce the risk to the public.

I think this could be a very constructive means of reducing taxpayer exposure. Would you support legislative -- legislation here or regulatory clarification of FHA's existing authority to explore credit risk sharing?

CARSON:

We have already engaged in some discussions on that, are continuing those. I'm very much looking forward to having an FHA commissioner, but I agree with you that that is an area ripe for discussion and movement.

ROYCE:

Well, thank you, Secretary Carson, and I'll yield back. Appreciate it.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentlelady from Ohio, Ms. Beatty.

BEATTY:

Thank you, Mr. Chairman, and thank you, Ranking Member.

And, to the witness, thank you for being here. I have a series of questions and, for the sake of time to get through them, many of them, Mr. Secretary, I'll ask you to simply affirm or deny with a yes or no vote.

On July 12th, I sent you a letter, signed by more than 15 or 20 of my other colleagues as members of Congress. And in that letter -- and I went to, Mr. Chairman, enter that letter into the record.

HENSARLING:

Without objection.

BEATTY:

So first of all, I want to know, did you receive the letter and read it?

CARSON:

I don't know what was in the letter, so I can't tell you whether I received it.

BEATTY:

OK. It was requesting that you follow through on your predecessor's decision to lower these annual premiums, citing the fiscal strength of the fund and historically low homeownership rates, especially among first-time home buyers.

CARSON:

Certainly I've had some correspondence on that. So it was probably your letter.

BEATTY:

So did you respond to it and I didn't get it? Is that what you're saying? You read it. Did you respond to it? Or I'm...

CARSON:

I personally did not. Did my staff respond to you? I don't know.

BEATTY:

I think we did, from -- some intergovernmental relations person sent us a paragraph. It was -- it didn't -- it did not, in my opinion -- it did not answer my question.

CARSON:

OK, well, I can answer for you now.

BEATTY:

I guess the reason I -- I guess the reason I'm asking you this -- is it your practice, when members of the United States Congress sends a letter personally addressed to you, that you pass it on to a congressional intergovernmental -- I don't know what that person does -- relations person, to say that they have received it? I did not address it to them.

CARSON:

Yeah, many letters that come do not...

BEATTY:

Many letters from members of Congress...

CARSON:

... do not come...

BEATTY:

... on the committee that you're testifying before?

CARSON:

... do not come personally to me.

BEATTY:

No, this was sent personally to you.

CARSON:

I'm saying, it may be sent personally to me, but it doesn't actually end up in my hands. Somebody else -- actually looking at it.

BEATTY:



So, you don't get -- you know, people write me personally all the time. But if a member of -- so let me ask a different question. So if a member of Congress is writing to you about issues that you're coming to testify before this committee -- you get it, and it doesn't get in your hands, and you say "Oh well, so what," and you don't answer?

CARSON:

No, someone else actually goes through it first...

BEATTY:

OK. So, let me ask a different question...

CARSON:

... and then -- and then they bring it to me.

BEATTY:

... for the sake of my time. No. It's my time.

So I'm going to resend the letter, and I want to ask you, would you answer the letter that's coming from me and 20 other members of Congress?

CARSON:

If I get the -- if the -- when the letter is brought to me, we will give you a response.

BEATTY:

No -- we, or you? I would like to ask, would you respond to my letter?

CARSON:

I can respond to you right now.

BEATTY:

Well, I have some other questions. So maybe afterwards, I'll leave the letter with you and you can respond to me.

So, oftentimes, when members come here, you represent not only a secretary of housing, but the president. So I have a question for you. We've spent a lot of time talking about Puerto Rico and the Virgin Islands, so this can be yes or no.

Do you think it was presidential for President Trump to throw paper towels, when he was in Puerto Rico? Yes or no.

CARSON:

That's not a yes or no question.

BEATTY:

Sure it is. Yes, it was presidential, or no, it was (ph) presidential?

CARSON:

I don't believe...

BEATTY:

Second question; do you think it was presidential when President Trump talked about two members in Puerto Rico -- that they were messing up the budget?

CARSON:

You know...

BEATTY:

Was that presidential, yes or no?

CARSON:

... I think it would be wonderful if we talked about what we can do to help our people...

BEATTY:

Do you think it was presidential...

CARSON:

... rather than divide them.

BEATTY:

... when he asked the people in Puerto Rico how many people had died, and then compared it to a greater number in Katrina?

CARSON:

Again, I think we should be talking about positive things and what we can do to ameliorate the situation.

BEATTY:

Well, I think you're absolutely right. And for me, positive, like Congressman Cleaverman (ph) -- all my life, I've wanted to serve on this committee. I didn't live in public housing, but I dedicated more than 25 years of my life -- my very first job, professional job, was working in public housing.

So let me move to something positive. In this committee, Chairman Clayton of the Securities and Exchange Commission testified before this committee. He said, although he had not asked for more funding in fiscal year '18, that in fiscal year '19, he would be requesting more monies.

In fiscal year '18, the budget request from HUD, you requested a 15 percent cut to your budget. Will you be asking for an increase in your fifth -- in fiscal year '19? It's positive, so I assume you're going to tell me yes.

CARSON:

We may well. We continue to ask for what we need, based on information that we derive, so evidence is what drives our budget request.

BEATTY:

Thank you, and I yield back.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Florida, Mr. Posey.

POSEY:

Thank you, Mr. Chairman.

And, Mr. Secretary, thank you for appearing today, and thank you for the -- for the character and the integrity, the heart and the class and the aspirations that you bring to your position.

Many people would say that you had maybe one of the best opportunities in the world to become a failure, to be dependent on government. You proved all the critics wrong, and you became the model of



success, of achieving the American dream, and proof that anyone can do it. And I applaud you for that. I think a lot of people applaud you for that, and I applaud you for trying to help others do that, too.

CARSON:

Thank you.

POSEY:

You know, unfortunately, there's a lot of people that somehow benefit from people being dependent on government, because they think it keeps them being elected. I think self-sufficiency is the way to go, and you obviously do too. And thank you for your efforts to transfer people from dependency to self-sufficiency.

I want apologize for some of the mean and nasty comments made toward you today. They're undeserving. They're attempts to shame you, while they criticize the government for attempting to shame somebody -- the president for attempting to shame somebody. That may be logical to some people, but I'm sure it's probably foreign to you, and you're probably wondering about that. Most intelligent people would.

CARSON:

Yeah, I'm used to it.

POSEY:

Yeah. Most intelligent people would.

But we all have the same people in our districts. They hate the president, and they hate anybody that doesn't hate the president. So we're going to -- they're going to be around for a while, so we just get used to it and do the right thing for the right reasons, which you have a history of doing.

Your forward initiative to reimagine how HUD works, to restore the American dream and to rethink American communities is an awesome plan. And my question to you this morning is, you know, how can we become more engaged in helping you achieve those goals?

CARSON:

Well, thank you very much for your comments, and for that question.

You know, I will be coming back to you, particularly as we continue to analyze what works, because, in order to be efficient, we need the ability to be flexible and to be able to address things quickly so that we don't have to go through so many different channels.

We're not just going to come to you vaguely with something like that. We're going to say specifically, "We need to do X and Y so we can get to Z quickly." So just be open to that.

We want to work with you. We want to benefit from your collective knowledge, experience and the fact that you represent the people. And we are public servants. That means we work for the people, they don't work for us. And therefore, we need to know, through you, how we can best serve them. But we want to work with you to do things in an effective way.

POSEY:

Well, thank you, Mr. Secretary. Clearly, you have a heart of a servant, and you can always count on me, I know, and probably most the people here, for our support.

CARSON:

Thank you.

POSEY:

God bless you.

I yield back, Mr. Chairman.

HENSARLING:

Gentleman yields back.

The chair will now recognize the gentleman from Washington, Mr. Heck.

HECK:

Thank you, Mr. Chairman.

Secretary Carson, I've been interested, since I first arrived here, in the reverse-mortgage market, and not just because it's called the HECM program as an acronym. We were able to pass legislation giving you more flexibility at the department to run the program, with an eye toward improving its financial performance.

But it's always been hard to get a good sense of how the reverse- mortgage program is doing, because the actuarial numbers wing so wildly from year to year. In addition, although the program is small, compared to the FHA forward mortgage program, the swings in reverse- mortgages are so large they're pushing around the capital ratio, as you know, for the MMI Fund and affecting mortgage insurance premiums for the more stable forward program.

I know you haven't been through a reporting cycle yet for these actuarial reports. But I wanted to get your initial thoughts on whether you'd be open to changes in the framework.

I'm thinking about asking GAO to consider options, including moving the reverse-mortgage program out of the MMI Fund, or creating a new forecasting assumptions for the reverse program that would create more stability over time and from year to year. What are your impressions?

CARSON:

I think that's a very worthy thing to pursue. You know, we're looking at, just over the last year, \$7.7 billion out of the MMI because of HECM.

The changes that we've made as of this month, and all the ones that will be going forward from this point, I don't think will have that problem. But we still have the residual problem there. So yes, I believe that would be a worthy pursuit.

HECK:

Secondly, I want to ask about housing. I think the cost of shelter's kind of rapidly going out of control in a lot of communities, especially my part of the country. I think part of the reason for that, personally, is that we have poorly designed federal structure for dealing with housing policy, because nobody's looking at the whole picture at all.

There are no policymakers charged with looking across the whole spectrum. It's incredibly siloed. That's not just an observation on the number of programs; I'm talking about policymaking itself. So even if you look at Congress, for example, federal mortgage assistance is spread across Agriculture Committee, this committee and the Veterans Affairs Committee.

Even within this committee, the primary mortgage market is overseen by Financial Institutions Subcommittee, while the secondary mortgage market is in the Housing and Insurance or Capital Markets, depending on who's doing the securitizing.

It may be that a bunch of narrowly tailored programs is the best way to address housing costs, although I frankly doubt it. But as a result of the silos, I think we address the problem -- each of the problems in isolation.

So we separate homeownership from rentals, market-rate housing from affordable housing, and homelessness from "the rent's too damn high." But my view is housing is an ecosystem, and all the parts are connected, and especially through housing prices.

You're new to this, this whole world of housing policy, and so my hope is that you're kind of looking at it with fresh eyes. I'm wondering if you see the same thing I do, that we do with this in a fractured and fragmented and siloed way.

And if you do, do you have any ideas about how we might be able to address it so that we can all get about the business of ensuring -- not just keeping the dream of homeownership alive for Americans, but also ensuring that everybody has a good place, a good shelter, a good home in which to reside?

As I say, the number one priority here ought to be, blanket, pillow, roof. If you don't have a pillow to lay your head on, a blanket to cover yourself with and a roof over your head, all the other problems in life get amplified very considerably.



CARSON:

Well, you know, we do have to make sure that we will be willing to work across different silos so that we can...

HECK:

Do you see it as a problem?

CARSON:

... we can address it holistically. In the past, we have not done that. I've been engaged with -- several conversations with Secretary Mnuchin, as well as the NAC, the Domestic Policy Council, Department of Agriculture, to develop more holistic approaches to these problems. I think that's the only way we're going to get them solved.

HECK:

I look forward to working with you on that. I yield back the balance of my time, Mr. Chair.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Florida, Mr. Ross.

ROSS:

Thank you, Chairman.

And, Secretary, thank you for being here, and again, I appreciate all your efforts.

You know -- and where I'm from is central Florida, and Tampa Bay area has made quite an expansion in public housing, and has done, I think, a very good job, to the point where they've got a waitlist of 13,000 people. And, you know, we're trying to expand it, we're trying to work more with, of course, your office.

But one of the things that I've got a concern about is the voucher recipients and the portability of vouchers. And I guess my concern is that you've got regional housing authorities -- how can we best design these so that we can get some of these people off a waitlist and, if nothing else, consolidate them, but allow them to have better access to affordable housing through this voucher program?

CARSON:

Well, you know, that's obviously a huge issue and a big question, how do we -- how do we get those waiting lists down? Should we be prioritizing certain types of people, rather than just have a consecutive waiting list?

Those are -- those are questions that we're examining now. We'll be happy to work with you on those. But, again, the key, I think, is, you know, the public-private partnerships: programs like RAD, which has brought in \$4.3 billion of private money to get rid of some of these capital backlogs and to create even more housing.

We need to create win-win situations, even utilizing LIHTC. In the new tax plan that has been put forward, they recognize how important LIHTC is, and have included a way to make sure that it remains profitable for people, because this is how we're going to get out of this problem. This is how we can get out of that backlog.

ROSS:

I agree, and I -- you know, we have -- we've got a good voucher program. I think that it needs to be able to follow the jobs, because that's important, because of course work brings dignity. But the incentive of private capital coming into the market to partner with HUD is very crucial.

And I guess, you know, my concern is we've seen some successes in that regard, and not only the capital, but also the discipline and the counseling that's necessary. The Family Self-Sufficiency Program, for example...

CARSON:

Right.

ROSS:

... one that I think -- that has shown some success. Do you think that that's been a program that we should continue to not only fund, but to expand?

CARSON:

Absolutely. Anything that has to do with creating self-sufficiency -- and we're looking for, you know, innovative approaches for that. You know, one of the things that I'm looking at in the future is taking a sliver of the monthly subsidy, and putting it in what would be like an escrow.

ROSS:

Yes.

CARSON:

And that would be used for the routine maintenance of that unit. So if there's not a lot of routine maintenance, it just continues to grow and grow. But if the holes poked in the screen and the light bulbs are broken and paint -- door needs to be painted, everything (ph) -- it's not going to accumulate.

But you let it accumulate, you let the people know how much money is in it, because that incentivizes them to really take care of their property, and if they leave public housing within 5 to 10 years, they get that money for a down payment.

That has the dual effect of allowing people to get into housing, but it also teaches them the responsibilities of homeownership, because they start acting like homeowners in order to make it accumulate.

ROSS:

It changes the culture. It changes the culture. It grows appreciation and builds a base of dignity and ownership, and I think that's -- you know, when you stop (ph) -- talked on your opening about innovation is key, I think innovation is the absolute compass that we need to be following, in order to change a model that has not worked very well over the last 50 years.

CARSON:

Exactly.

ROSS:

Finally, the Moving to Work program -- what more can we do for those that are non-elderly and are work-capable, to provide them with a Moving to Work incentive?

CARSON:

Well, the key thing that we have to recognize is that, you know, people have tried, you know, different iterations of that over the years, trying to -- you work and you get out (ph) -- and as they start climbing the ladder, we pull the rug out from underneath them.

ROSS:

Right.

CARSON:

What we got to do is we got to let them get far enough up the ladder that they're not even looking down the see if the rug's there anymore. So we just need to understand how that works, and the timing of it.



ROSS:

I appreciate it. I think that program -- I'd like to see it expanded. I mean, it is a pilot program right now. And we've seen it in Orlando.

CARSON:

Absolutely.

ROSS:

It's working there. With that, my time is up and I'll yield back. Thank you, Chairman.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentlelady from New York, Ms. Maloney.

MALONEY:

Thank you very much, Mr. Chairman and Ms. Ranking Member. I'd like to build on Congressman Ross's questions about public-private partnership. And you've discussed right now the importance of it and your support for it in addressing our housing needs.

But in your 2018 budget request, you target programs that encourage these partnerships, personally to leverage, as you said, is so important -- there are not enough dollars out there in affordable housing, and private housing organizations really depend on these government programs.

One in particular, 202, senior housing -- there's always a waiting list by seniors needing the housing, but also developers who are willing to put it up. But the funding hasn't been there. I'm glad to see there's more in this budget. But still, it's been cut back dramatically, quite frankly, from when I first came to Congress.

But how -- how can you think the administration can encourage public-private partnerships if its budget largely cuts out the government's role, and cuts the funding for the government's role in the relationship?

CARSON:

All right, well, thank you for that question. I understand the basis of it.

You know, the -- here's the situation. Would we like to have almost unlimited money to deal with these problems? Absolutely. That would be ideal. But we don't, and we have a \$20 trillion national debt.

Now, I'm not going to have to pay it. You probably won't either, although you're younger than I am. You may have to pay some of it. But your children and your grandchildren will...

MALONEY:

That's true, and I want to get on to another question. You know -- but if you put your money into things that leverage more money and more housing, it's certainly a dollar well spent. And the budget does cut the private-public partnership section, and I -- my request is to see if we can work together to see if we can restore some of it.

CARSON:

Absolutely. I'd be happy to work with you on it.

MALONEY:

I also -- I want to invite you to my district. I represent a lot of HUD projects. My mayor, my City Council president -- everybody's asking you to come and take a tour. So if you're ever in New York, we'd love to set something up for you to look at some the things we have going on the ground (ph).

CARSON:

OK.

MALONEY:

But my district is very different. As you know, in New York, people don't live horizontally. We live vertically. And we live in co-ops and we live in condos. And people are asking for you to revisit opening up assistance to first-time homeowners. That's been one of your themes.

And right now, especially seniors are asking if the co-op owners could be part of HUD's reverse-mortgage program. This is the type of housing I represent, and right now, co-op owners are unfairly excluded from FHA's reverse-mortgage program, and I would say for no real reason.

So my question is, will you consider allowing owners of housing co-ops to participate in FHA's reverse-mortgage programs?

CARSON:

I certainly don't see any reason why we shouldn't engage in that conversation with you.

MALONEY:

Well, that's great.

CARSON:

And let's look at the numbers, and let's see what works, because I'm for doing things that make sense.

MALONEY:

Well, thank you very much, because people are requesting that, particularly seniors, and we have not been able to achieve that. So this would be a great breakthrough. Thank you for...

CARSON:

Absolutely.

MALONEY:

... wanting to look at it.

As you know, FHA plays a countercyclical role in the housing market. It expands in times of market stress, which we went through in 2008, when everyone else is pulling back, and it -- and it shrinks in times of market stability.

And the most recent annual report shows that FHA's market share has actually diminished substantially since its peak during the housing crisis, and has stabilized in these past few years.

But despite this, some people continue to claim that the FHA is playing an outsized role in the housing market, and demand that FHA shrink. So do you agree that FHA is currently playing too large a role in the housing market? Or, you know...

CARSON:

Yeah. Well, right now, you know, we're at about a 13.2 percent, which is sort of back down to the pre-housing-crisis level. It expanded during the crisis like it should. It's sort of like an accordion, right? It's a buffer, and that's the way that it's supposed to work.

That's the ideal situation -- doesn't mean that there aren't some reforms that we're looking at that make it even more efficient, but generally, it has a very positive balance, and it allows people to be able to get into homes, particularly first-time homebuyers, a lot of minorities. And we want to make sure that we maintain that strength.

MALONEY:

Thank you very much.

CARSON:



OK.

HENSARLING:

Time of the gentlelady has expired. The chair wishes to inform all members that we will be excusing the witness at 12:30 today.

Chair now recognizes the gentleman from North Carolina, Mr. Pittenger.

PITTENGER:

Thank you, Mr. Chairman.

Mr. Secretary, thank you again for being with us today. Your demeanor and patience has been exemplary. I have so much appreciation for the focus and clarity of mission that you bring. Your life experience offers so much for each of us to pay keen attention to.

I particularly appreciate all of your continued efforts on behalf of those individuals who are suffering, of course, from the national -- the natural disasters that have occurred in our country.

We have seen unprecedented damage that has been caused by Hurricane Harvey and Irma and Maria. Our hearts go out, obviously, to the victims of all of these awful storms.

As you're very much aware, a year ago, Hurricane Matthew struck North Carolina with subsequent thousand-year floods, severely damaged 98,000 homes and 19,000 businesses. We still have 150 or so families that are still living in FEMA trailers.

It's affected our poorest counties in our state and, frankly, some of the poorest counties in the country: Bladen and Cumberland and Robeson, some of those counties, I know, that we hope to show you, hopefully, in early November, when you can return to our state.

What I would like to ask you, Mr. Secretary, is, what can you say in terms of what the department is doing on long-term disaster relief for these areas? They're not in the media, and they're not the -- on everyone's attention, but the pain and suffering is still there. What can you say is being done currently?

CARSON:

Well, thank you for that, and thank you for your extremely good advocacy for the people of North Carolina.

I did have a scheduled visit there...

PITTENGER:

Sure.

CARSON:

... as you know, recently. And then this little problem called Harvey came up.

(CROSSTALK)

CARSON:

But we are rescheduling that visit to look at that very issue in terms of, you know, the long-term recovery function. You know, we didn't get the final plan from the state, in terms of recovery, until the 21st of April...

PITTENGER:

Yes, sir.

CARSON:

... of this year. So we are working with your state and local officials already, and we'll continue to do so. But we have not, by any stretch of the imagination, forgotten about that just because these other ones have come up.

PITTENGER:

Are you comfortable that HUD has mechanisms in place in not just our state, but all states, to ensure the money is spent in a fiscally accountable and timely way?

CARSON:

For some reason, I'm not hearing well.

PITTENGER:

Well, are you comfortable that the states have accountable structures in place, that the taxpayer money is being used in an appropriate way.

CARSON:

Let me put it this way. At the state level, there seems to be more accountability then there is, frequently, at a lower level. So one of the things that I'm finding just in looking at past data, in terms of efficiency -- you know, working with the state tends to be a little bit better than working with 100 different municipalities.

PITTENGER:

Yes, sir.

And my district, as you may be aware, includes Charlotte. It's a major metropolitan area of our state. I've got seven other additional rural counties, and I would like to ask you, what is HUD's involvement in these rural areas, particularly, and the value that it can bring to these communities?

CARSON:

Well, one thing that sometimes people assume is that HUD is not interested in rural areas because it's called Housing and Urban Development. But obviously, if you look at programs that we have and those in association with USDA, we do pay quite a bit of attention -- maybe want to rename the department, at some point, to reflect that.

There's particularly large issues with poverty and with drug use in the rural areas, and we're working with -- across the silos, with the Department of Justice, Department of Agriculture, on those issues.

PITTENGER:

Thank you, Mr. Secretary, and thank you again for your great spirit and your clarity of mission and dedication. We truly appreciate you.

CARSON:

Thank you. Thank you.

PITTENGER:

I yield back.

HENSARLING:

The gentleman yields back.

The chair now recognizes the gentleman from Michigan, Mr. Kildee.

KILDEE:

Thank you, Mr. Chairman.

And thank you again, Secretary Carson for being here. As I mentioned in my opening statement, and as we chatted briefly before the beginning of this hearing, I'm from Flint, Michigan, a community not far from where you grew up, and a community that has been struggling in many ways for decades, but in a particular way for the past few years as a result of the water crisis.

And you referenced in your testimony that the department, under your leadership, intends to take on some of these issues of exposure to toxic chemicals in housing. And lead is a really significant issue. You



know, as a physician, the impact that lead exposure -- high levels of lead exposure can have on the brain of a developing child.

And so this tragedy, while in many -- in the eyes of many is sort of over -- it's not in the news every day -- it's an ongoing struggle, not only in terms of the infrastructure needs, which are slowly being met; the health and development needs, which are not entirely met; and the redevelopment challenge that this community faces as a result of a real gut punch to the community.

So the challenges that it was already dealing with have been exacerbated by being known as a city of 100,000 people that had poisoned water. The impact on housing values, the impact on neighborhood development is palpable, and it's dangerous.

In the previous administration, we had kind of an all-hands-on-deck approach to Flint's recovery. And I was pleased to see, during the campaign, when then-candidate, now President Trump visited Flint, he said, and I'm quoting him -- this is regarding Flint -- "We will get it fixed. It will be fixed quickly and effectively." And as I stated, Flint is not fixed yet.

I reached out to the White House very early on and asked for a point person on Flint's recovery, because there is a legitimate and important federal role in this. Have not received a response. It's important that we have some sense of who we can work with.

To your knowledge, is there a point person? I mean, I haven't been able to get an answer out of the White House. I wonder if you have a sense of that, if there's a point person that we can work with.

CARSON:

Well, I agree that there needs to be one. And I'd be certainly willing to look into that for you.

KILDEE:

I appreciate that. And perhaps, as we mentioned, you and I could find time to meet. I have a real interest in the work of your department broadly, and I'd like to share some thoughts with you, but specifically, to talk about how my community can continue to receive the support that it surely deserves. So, if we can find time to do that, I would enjoy getting on your calendar. So thank you for that.

And I know this has been raised. I raised it a bit. The preconditions that led to the crisis in Flint are not unique to Flint. We've seen a lot of older communities -- and I heard the reference to not just traditional large cities, but small towns as well -- that have not seen the kind of private investment, and that still do require some public support for their development challenges, in order for them to be fully competitive and make the contributions that they should make.

So I am really concerned about continuing deep cuts to the Community Development Block Grant program, for example, a highly flexible program, a former federal investment that really defaults to the states and, in many cases, directly to local jurisdictions, making decisions for themselves as to what their needs might be.

You know, as in the case of any program, there could be problems. But what I fear is that this administration -- and I'm really interested in your take on this -- is taking a "throw the baby out with the bath water" approach.

This is a really important program that is essential to lots of communities. And can you help me understand what your -- what your position is on this important program?

CARSON:

Yeah. My position is we should save the baby. Don't throw it out with the bath water.

The fact of the matter is, as I mentioned before, there are -- there are multiple good things in these programs that have been very effective, some of which you've just mentioned. We will make sure that those things continue.

KILDEE:

So long -- I appreciate that, so long as we don't take the approach that the only way to help the programs is to just make them so small, as they're not consequential any longer.

I agree that there's a need for change. I've talked to the ranking member about changes in CDBG that I'm interested in pursuing. So, so long as the solution is not simply to essentially eliminate the program over time, I'm happy to work with you on that. Thank you very much.

CARSON:

Absolutely.

KILDEE:

Thanks for your testimony.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Pennsylvania, Mr. Rothfus.

ROTHFUS:

Thank you, Mr. Chairman.

Good morning, Mr. Secretary. Welcome.

CARSON:

Good morning.

ROTHFUS:

My district is home to an organization called HEARTH, which provides vital transitional housing services to victims of domestic violence. For more than 20 years, women and families in Allegheny County fleeing domestic abuse have had a reliable and caring place to go to that provide temporary shelter and protection from danger.

HEARTH has provided hundreds, if not thousands of my constituents with a safe space and the support they need to transition to permanent housing. HEARTH has a compelling mission, and it fulfills a priceless service for the community.

This program has a strong track record, because it provides residents with the supportive services they need to transition to self-sufficiency. Despite this, HEARTH and similar providers have lost or are in danger of losing their HUD funding, unless they abandon the services and high standards that have contributed to their success.

This ties in to the Housing First policy that my colleague, Mr. Barr, raised earlier in the context of drug treatment programs. Under your predecessor, HUD adopted the Housing First policy and de-prioritized programs that failed to conform to that orthodoxy. Indeed, continuums of care were told that HUD will be less generous in funding transitional programs.

I asked Secretary Castro about his position on transitional housing programs like HEARTH and their future place in our housing assistance toolbox. I greatly -- I would generally characterize his response as a full endorsement of the Housing First policy which, again, is going to entail a de-prioritization of transitional housing.

I would appreciate your taking a look at this issue, and I'd appreciate your feedback on whether you think that we have to really keep our eye on the ball on transitional housing, in the context of this Housing First policy.

CARSON:

I'd be very, very happy to work with you on that. But everything that we're going to do is going to be driven by the numbers, driven by the evidence. What's actually effective?

And again, when I talk Housing First, I may be talking something a little different than what the previous secretary was talking.

ROTHFUS:

Well, yeah, we want to follow up with you on that because we want to make sure that this orthodoxy that he was going after isn't really negatively impacting on really good programs...



CARSON:

Right.

ROTHFUS:

... that have been very beneficial to our community.

CARSON:

I agree.

ROTHFUS:

A number of folks have mentioned the Moving to Work program. We've had hearings about that, and it's been discussed today. I believe that this program offers flexibilities that can help public housing authorities better serve their local populations.

My district has -- one of the housing authorities does have a Moving to Work program. There are others that would like it. And I'm -- want to hear from you whether you support the expansion of the Moving to Work program.

CARSON:

I was very happy with the expansion to another 100 areas. And I'm hopeful that we can, with the help of Congress, move far beyond that.

ROTHFUS:

Yes, I'd like to see it really transition from being a pilot program -- I mean, it's been a pilot program since 1996. I don't know how long you have to have a program be a pilot program.

One of the three national program objectives for CDBG is that projects principally benefit low and moderate-income persons. Critics have noted that CDBG funds often end up being used for parks, pools, street signs and community centers, diverting dollars from those communities with the greatest need, particularly in housing.

In your testimony before the House Appropriations Committee this past June, you stated that the CDBG program is, quote, "not well- targeted to the poorest populations, and has not demonstrated a measurable impact on communities." Can you elaborate on that?

CARSON:

Yeah. Very much some of the same things that you just mentioned in the question, and some abuses that are even more significant than that -- this is a program that, again, has some very good components, and the things that are good in that program, and HOME Program, and various programs -- we're not just going to abandon those things. We're going to obviously utilize the information in order to improve what we are able to do.

ROTHFUS:

You mentioned in your testimony before the House Appropriations Committee earlier this year that the first HUD secretary, Robert Weaver, said that we must look for human solutions, not just policies and programs. What do you think he meant by human solutions?

CARSON:

I hope what he meant is that we need to be looking at the people themselves, as opposed to just the concept of sticking them in a house and thinking that our job is done. If we develop the human capital that exists here, it benefits us all.

ROTHFUS:

It sounds like -- that that would still be relevant today -- as relevant today as it was when Secretary Weaver first said that. Would you agree with that?

CARSON:

That would -- that would be the way that I would look at it.

ROTHFUS:

Thank you, Mr. Secretary. I yield back.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentleman from Texas, Mr. Gonzales.

GONZALES:

I yield to the ranking member. I yield my time.

WATERS:

Thank you very much (ph). I appreciate having the time.

I'm sitting here, and I'm listening to how much you care about the most vulnerable in our society and how you want to help people become independent and out of poverty. And yet your budget and what you are advocating for and what you're advocating against does not really define your representation that you care about these vulnerable people.

You're cutting public housing by \$2 billion, Housing Choice vouchers by \$800 million, project-based rental assistance by \$65 million. You have members on the opposite side of the aisle talking about programs that are funded by the Community Development Block Grant. They don't even know that you've completely eliminated that.

The Home Investment Partnership Program -- we talk about the national housing crisis that we have, and the National Housing Trust Fund is completely eliminated, and the Choice Neighborhoods initiative eliminated. And, you know, Section 811 housing for persons with disabilities -- cut by \$121 million.

And so there's one thing that stands out in my mind, based on the campaign, and looking at what happened in the primaries and things that the president said, and how he talked to you and others and demeaned you so much.

But one of the things that stands out in my mind so vividly is how he mocked and mimicked a disabled journalist. And so you have a -- he has openly mocked disabled people, and HUD's most recent budget proposal, which you supported and defended, proposes a steep 18 percent cut for Section 811 program, which is focused on serving low-income persons with disabilities, as well as harmful rent increases on Section 811 residents.

This is very concerning, in light of the critical role that HUD plays in providing housing assistance to low-income persons with disabilities, as well as enforcing the Fair Housing Act, which protects persons with disabilities against discrimination in the housing market.

Are -- do you remember seeing that display by the president where he mocked and mimicked a disabled journalist? Do you remember seeing the sight of that?

CARSON:

I remember seeing the episode that you're referring to.

WATERS:

Do you think it was wrong for the president to send that kind of message about what he cares -- about disabled people?

CARSON:

Well, you know, I'm not really here to talk about the president. I really want to talk about the people that we're trying to help.

WATERS:



Well, yes, I want to talk about the people, too. Right now, I want to talk about the disabled people. And I want to know if his attitude is such that it is reflected in this budget.

And you defend the budget. And are you defending in any shape, form or fashion the fact that the person who wanted to be the president of the United States of America, for all people, would treat disabled people that way? What do you think about that?

CARSON:

As a pediatric neurosurgeon, you know, a large portion of my patients were disabled people.

WATERS:

All right, so you do care about disabled people. Is that right?

CARSON:

Of course.

WATERS:

When you're in front of disabled people who are advocating for resources to help with their lives, and they ask you about the president and the fact that he mocked and mimicked disabled journalists during the campaign, and they ask you, "Do you defend the president in doing that," what would you say to them?

CARSON:

I would say that I'm going to use the resources and the talents that we have to look out for the interests of the disabled people. We're going to commit to making sure that they are not displaced (ph).

WATERS:

So do you think a cut of \$121 million is a demonstration of your support for the disabled? Section 811 housing's for persons who are disabled -- who are disabled.

CARSON:

I would say it's not the amount of money, it's the result that you get that that's important.

WATERS:

I beg your pardon? I can't hear you.

CARSON:

I would say it's not the amount of money, but rather the result that you achieve that's important.

WATERS:

Well, you keep talking about the amount of money, but you know your real concerns and what you care about is reflected in the budget. And it is difficult for me to believe that you really care about the disabled when you are cutting the resources to them because of the difficulty in their lives and the tremendous needs that they have.

It is difficult for me to believe you care about them with these kind of cuts. I yield back.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Texas, Mr. Williams.

WILLIAMS:

Thank you, Mr. Chairman.

And thank you, Secretary Carson, for being here today, and thank you for your testimony.

CARSON:

Absolutely.

WILLIAMS:

And, for a personal note, I'd like to thank you for reaching out to the -- those of us were involved in the baseball shooting.

CARSON:

Yes.

WILLIAMS:

Thank you very much. Also, I want to thank you for your leadership. I've been around leaders all my life, and you're a leader, thank you for that.

And also, I want to thank you for what you've done in Texas. I'm from Texas. I want to thank you for what you've done in Texas with the -- Hurricane Harvey, for reaching out quickly. Your response has just

demonstrated the swift action and resolute -- and Texans are grateful for what you -- for what you've done.

And I'm also happy that, in such a pivotal time for our country, history of our nation, that your leadership understands the challenges we face. We've talked about them today, and you understand the actions necessary to be the best possible steward of the taxpayer, which is important, while assisting those in need to achieve their God-given potential.

So, Mr. Secretary, I want start by talking about FHA's mortgage insurance program, which so many in my district have addressed with my staff and myself. We're aware of many complaints from mortgage lenders who are being subjected to extended, costly investigations and then lawsuits by the Department of Justice for their participation in the Federal Housing Administration's mortgage insurance program.

While I applaud efforts to penalize lenders who deliberately submitted false or fraudulent mortgages, many lenders are being asked to pay penalties for loans they were -- that were reviewed and audited by the FHA and HUD.

These actions, forcing many lenders to avoid -- or to keep them from participating in the program make it difficult for many first- time homebuyers to purchase homes. So can you explain what circumstances would institute a penalty on a lender, after FHA and HUD have approved their mortgage?

CARSON:

It has been a problem because of all the red tape and all the regulations. And there's so many traps involved, when people do things that are really non-material mistakes, and then they find themselves in the kind of difficulty that would basically drive them away from even wanting to be involved in the first place.

I've talked to Attorney General Sessions about that, and my staff and staff from DOJ are working on those regulatory barriers that are precluding people from wanting to get involved.

WILLIAMS:

The HUD workforce, which you supervise, is just short of 8,000 full-time employees. In comparison to some federal agencies, this may appear to be fairly lean -- 8,000 is hard to say lean -- but given the responsibilities and scope of the department, many could argue that the organization's unnecessarily large.

Do you have the flexibility and authority to right and -- to right the size of the department, if needed, and moving the resources and employees as needed to meet the goals that you and the president have set?

CARSON:

I think -- I think we have close to what we need. We've come down from 15,000 to 8,000 in recent years, and are looking with a very careful look at the actual need to hiring and bringing people on and utilizing



them effectively, and utilizing people in multiple areas in order to increase the efficiency, recognizing that we do have to be stewards of taxpayers' money.

WILLIAMS:

Well, and then what challenges stand in the way of you organizing your department to achieve the best return on taxpayer investment, which would be cost in return?

CARSON:

Well what we've done is divided people into work groups with captains, who are responsible, who bear some fiscal responsibility, so that we don't simply say to the CFO, which we don't have right now, "That is your responsibility." And I think that the more we can distribute that responsibility and make people responsible, the more fiscally responsible they'll be.

WILLIAMS:

Lastly, one of the promises President Trump made to the American people was to direct his administration to decrease regulation in order to spur growth. Regulations choke growth. Since you assumed your current position, what steps have you and President Trump taken to roll back harmful regulations in the housing industry?

CARSON:

Well, we have established a regulatory reform committee. And they work through the Office of the General Counsel, looking at major regulations. We're going -- we have about 10 of them right now, which we're looking to be able to get rid of, on the way to quite a few more than that.

WILLIAMS:

Thank you again for being here. Thank you for your testimony. I yield my time.

CARSON:

Thank you.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Nevada, Mr. Kihuen.

KIHUEN:

Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here and for sharing your testimony and also your time, as well. We know you're a very busy person, and we appreciate you taking the time to be here.

Mr. Secretary, as you know, Las Vegas was the epicenter of the foreclosure crisis. My neighbors lost their home to foreclosure. I lost my home to foreclosure. The American dream of homeownership from all these families was ripped away.

In the intervening years, Las Vegas has thankfully recovered. Foreclosures have slowed down. Our economy has continued to grow at a healthy pace. We're adding tens of thousands of jobs a year.

However, housing stock isn't being built at a proportional rate. We're starting to see both home sale and rental prices rising at an alarming rate. Year over year, housing prices were up 13.7 percent from September 2016 to September 2017.

The apartment vacancy rate is one of the lowest in the country, at 3.1 percent. In Clark County as a whole, we need more than 157,000 affordable housing units, but we only have 31,870 available.

Unlike other cities, low-income people cannot -- can't move further out into the suburbs when housing prices increase in the Las Vegas area, since the city is surrounded by desert. These residents are increasingly being forced to live in untenable (ph) situations or leave Las Vegas.

Mr. Secretary, you've spoken before about the need for people to pull themselves up by the bootstraps. However, there are situations, like in Las Vegas, where people have jobs, work hard, but still can't get ahead in the housing market, where rental prices are increasing faster than their paychecks. Do you think there's a government role in helping these people with affordable housing?

CARSON:

There is, in the sense of creating the proper environment for the economy to grow, because a lot of the problems that we're having in that regard is because wages are stagnant, and they're not keeping up with the -- with the increasing cost of the housing.

So that will be the solution to many of the issues that are going on our country, including some of the social issues, because, you know, people get more irritable when they're not doing well economically.

KIHUEN:

Another question: In HUD's fiscal year 2018 budget proposal, the Home Investment Partnerships Program would be eliminated, and -- instead of (ph) relying on local and state governments to fill the gap.

However, the city of North Las Vegas relies on HOME to expand affordable housing options. What if local governments can't pick up the slack? Is it your opinion that they're just out of luck and the federal government shouldn't be assisting them?

CARSON:

We're certainly looking for state and local governments to play a bigger role. There's no question about that. But in terms, as I've said before, of the good things that programs do, including the HOME Program, we're examining those things and looking at the best ways to be able to continue them.

KIHUEN:

Thank you, Mr. Secretary.

And, last question, according to Amparo Gamazo, the executive director of the Southern Nevada Regional Housing Authority, your proposed fiscal 2018 budget would make it very -- and I quote, "very difficult for us to keep up with the maintenance of existing public housing units."

Mr. Secretary, I just read a slew of statistics that pretty clearly show me we're not going to need less public housing going forward, but more. If our local experts are saying your budget -- it's going to make it harder for them to just maintain what we have, how can we fulfill HUD's mandate of helping the American people put a roof over their heads?

CARSON:

Well, I hope that that will be one of the reasons that I can count on Congress to help lift the cap on rent (ph), because that's how we get rid of those capital need backlogs.

KIHUEN:

Thank you, Mr. Chairman. I yield back the remaining time.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentleman from Maine, Mr. Poliquin.

POLIQVIN:

Thank you, Mr. Chairman, very much.

Mr. Carson, it's wonderful that you're here. I appreciate it very much. Good to see you again.

CARSON:

Thank you.

POLIQVIN:



Dr. Carson, I represent rural Maine -- not the urban parts of Maine, but rural Maine. And you folks might not -- might not be familiar with this, but Maine is the oldest average in the country. It's not Florida, or it's not Arizona. It's Maine.

I worry about folks that live in the rural area. I worry about our seniors, and I worry about making sure we have a very strong safety net for those that are less fortunate than us.

But, you know, even though I worry about our seniors, they're also great teachers. My mom is 89, my dad's 87. I love them to death. I'm very close to my parents, in their -- in their life and in their stage in their life.

But I remember, when we were kids growing up in central Maine, it was a vibrant area with lots of paper mills that were just humming along, and folks were happy and taking care of themselves. And my parents were always working. That's what I remember -- and I'm sure, similar to your situation, in some regard, Dr. Carson.

My dad was a teacher and coach, and he was always traveling. And when he wasn't teaching, he was coaching -- or rather, refereeing high school basketball all around the state. And it's an eight-hour drive from one part of my district to the other.

And my mom was a nurse. She worked the night shift at nursing homes. So she was home when Jim and myself -- my brother and I -- got back to school. And so we grew up with education and compassion. And during the summertime, they were always working. Dad had a little lobster pond (ph).

So what my parents taught me more than anything -- it's not what they said; it's what they showed me. It was honesty, compassion and hard work.

CARSON:

Yes.

POLIQVIN:

Hard work -- now, my first full-time job was when I was, you know, 12 or 13 years old. I worked for 50 cents an hour, pumping gas at a marina on a little lake in Maine. And, man, I -- you know, I worked 40 hours a week, and got a \$20 bill.

I was just on my way. I remember the excitement and purpose I had, getting up every morning, and making my lunch, and going to work. And the next year, I parlayed it into my next job, working at a restaurant, running the cash machine -- the cash register, for a buck an hour. Now I get two \$20 bills for working 40 hours a week.

This is what I learned, now. What I have found is that there are so many people, Mr. Carson, that look for the perfect job and retirement. Well, you live long enough, you know there's no perfect job.

CARSON:

Right.

POLIQUN:

The value of work is the journey. You learn something from every job. You find dignity and self-purpose, and that's what your kids see. And that's what your grandkids see. That's the value of hard work.

Now, I have one son, who's 26. We are very close. He's a hard worker. I worry about Sam all the time. I worry about his generation. But I worry about him less, because he knows the value of hard work. I can't even imagine, Mr. Carson, raising my son to say, "OK. Now, you've had a good education. You know how to work. Now we want to make sure you sign up for every government program you can find."

And I know you believe the same thing. So my question to you, sir, is -- you believe in the dignity and self-purpose of hard work, and what it shows the next generation. What are you good folks doing at HUD to make sure that our families are upwardly mobile, our families can escape government dependence and have better lives, with better futures, more promise and more freedom?

CARSON:

Well, I thank you for that question. One of things that we're doing -- we developed this concept called Envision centers. It comes from the Bible verse, Proverbs 29:18, that says, "Without a vision, the people perish."

And a lot of times, when you go into the low economic areas, and you say to the kids, "What do you want to do when you grow up?" you get a blank stare. But sometimes, you might get a few things -- maybe five things. But there's 1,000 things.

And the Envision centers are to expose them to the other 995 and tell them how to get there, and also to serve as a nidus for mentorship programs, because it's been demonstrated by multiple studies that low-income students who are mentored have a much higher high school graduation rate than those who do not.

It also facilitates child care, because so many of the young women get pregnant, and their education ends at that point. And we want them to get their high school diploma. We want them to be able to get their Bachelor's degree, Master's degree, become independent, but more importantly, teach that to their children so we break the cycles of dependency that have occurred.

And it's also going to be an nidus for health care, for clinics, a whole host of things that -- to really expose young people, because a lot of them -- they have not really been exposed to those things that are necessary in order to be successful in our society.

POLIQUN:

Thank you for what you do for our country, Mr. Carson, and keep doing what you're doing. I yield back my time, sir.

CARSON:

Thank you.

HENSARLING:

Time of the gentleman is expired. The chair now recognizes the gentleman from Texas, Mr. Green.

GREEN:

Thank you, Mr. Chairman.

I thank the witness for appearing, as well. Mr. Carson -- Mr. Secretary, Dr. Carson, sir, you have indicated that there will be substantial cuts to the budget that HUD has. Can you give me that dollar amount? I'm showing that it's about \$6 billion. Is that correct?

CARSON:

That's about right.

GREEN:

Is that about 13 percent of the budget?

CARSON:

Yes.

GREEN:

And will these cuts, Mr. Carson, come from public housing, housing vouchers, community development block grants and other aid to low-income persons?

CARSON:

They come from a variety of sources, including...

GREEN:

How much from public housing, Mr. Carson?

CARSON:

Probably in the neighborhood of, if you combine all the programs, \$2 billion to \$3 billion.



GREEN:

\$2 billion to \$3 billion? How much from housing vouchers, Mr. Carson?

CARSON:

Rather than go through a quiz on all the numbers...

GREEN:

It's not a quiz, Mr. Carson. I have the time to ask you questions about things that you should have some knowledge of. If you have no knowledge of them, you can simply say so. I'll accept it as an answer. But this is something that's within your bailiwick, my dear sir. How much from housing vouchers?

CARSON:

Again, you know, I can give you that number, but...

GREEN:

Well, if you would give it to me, I would greatly appreciate it, because I'd like to go on to community development block grants.

CARSON:

Well, here's my point. I agree with you that it's difficult to do these things.

GREEN:

That is not -- that has little to do with my question. You're answering a question that I'm not asking, to be quite candid with you.

So would you kindly tell me how much HUD is going to -- how much you are going to cut from the HUD budget, as it relates to housing vouchers? Now, if you don't know, it's OK to say you don't know, Mr. Carson. I don't hold you to things that you don't know.

How much are they going to...

CARSON:

Let's just move on and say that I don't want to offer a number, because it's subject...

(CROSSTALK)

GREEN:

Why would the secretary of HUD not give the number -- the amount that you're cutting from housing vouchers, Mr. Carson?

CARSON:

Because...

GREEN:

You're the secretary of HUD.

CARSON:

... because...

GREEN:

You're making the cut.

CARSON:

... because we've already talked about the total amount of the cut.

GREEN:

Well, the total amount does not help me when it comes to the housing vouchers. I have people who use housing vouchers, and I need to be able to explain to them, Mr. Carson, how much the cut portends for them. How much, Mr. Carson?

CARSON:

Let's hear your number.

GREEN:

Well, Mr. Carson, forgive me for coughing while speaking. But, Mr. Carson, you're the witness testifying today, and if you want a moment to ask someone behind you, I would gladly accord you that moment.

CARSON:

I don't -- I don't want to open the book and look at the numbers.

GREEN:

I see.

CARSON:

I want -- I want...

GREEN:

So you choose not to say how much you're cutting from housing vouchers. All right. How much are you cutting from community block grants, Mr. Carson?

CARSON:

... I want to talk about...

GREEN:

Mr. Carson, you don't get to talk about what you want to today. You get to talk about what I want you to talk about. You get to answer the questions that I pose, Mr. Carson. That's the way it works.

CARSON:

Yeah, but I also get to answer the question the way I want to.

GREEN:

Well, you can answer them the way you want, but if you want to show a lack of knowledge, you can do this. It's quite all right, Mr. Carson.

So, now, how much from community development block grants, Mr. Secretary?

CARSON:

Again, I'm not willing to sit there and go through...

(CROSSTALK)

GREEN:

So you don't know how much from community development block grants?



CARSON:

... I'm not going to go through the list, this much, this much and this much. I think that's...

(CROSSTALK)

GREEN:

I don't -- I'll move on, Mr. Carson. I accept that your lack of knowledge.

Now, Mr. Carson, there seems to be a belief among the ranks of those who have opportunities to help others who have been blessed, themselves. They seem to think that the rich need more; that the poor can do more with less, but the rich will have to have more to do more.

Mr. Carson, if poor people could do more with less, there would be no poor people. Poor people are not poor because they choose to be. I know about your "state of mind" comment. But they're not poor because they choose to be poor.

Have you not noticed, just for edification purposes -- and I'm sure that you're aware of it, but there may be people who are listening who are not -- black unemployment, Mr. Carson, is always, with some exceptions, about twice that of white unemployment. There are many reasons for this.

But that fact has a lot to do with what people can do with money that they have, and what they can't do with the money that they don't have. There are other factors involved in this country, other than a state of mind. There is still, Mr. Carson, invidious discrimination in the United States of America.

While you may not suffer it, there are others who do, and they need to know what you plan to do, and I regret that you're unable to tell us today. I yield back the balance of my time, Mr. Chairman.

CARSON:

The positions that you ascribe to me are your opinion of what I think. They're not what I think.

HENSARLING:

Chair...

GREEN:

Mr. Chairman, if he chooses to respond and say this, I'd then asked to...

HENSARLING:

... the time...

GREEN:

... be allowed to let him know that my positions are...

(CROSSTALK)

HENSARLING:

The time of the gentleman has...

GREEN:

... what you articulated and did not articulate.

HENSARLING:

... expired.

The chair now recognizes the gentleman from New York, Mr. Zeldin.

ZELDIN:

Thank you, Mr. Chairman.

Secretary Carson, is there anything that you'd like to say using my time?

CARSON:

Well, thank you very much. I appreciate that.

You know, sometimes I get a little bit tired of people ascribing to me things that people have said that I believe. And I appreciate an opportunity to say this.

When I say that poverty is largely a state of mind, what I'm saying is that the way that people approach things has a lot to do with what happens to them. If your mindset is one that "I'm a victim" and that "everybody else is in control of my life and I just need to sit here and wait for them to do something for me," you're going to approach life very differently from somebody who says, "I am going to take this issue into my own hands."

It was one of the things that I learned from my mother. You know, she came from a very large rural family, got married when she was 13, later on discovered her husband was a bigamist, had only a third-grade education, worked three jobs at a time. But the one thing about my mother -- she was never a victim, and she never allowed us to be victims.

And that was very important. And she did that for other members of our family, too, who were in a very bad situation. And she convinced them that they didn't have to be there, and they came out of that situation. She was really quite an interesting person.

Now, I realize that not everybody has a mother like mine. But I also recognize that we, as a society, would do much better if we stopped sitting around trying to tear each other apart, and start saying, "What can we do to change the attitudes and to create different outcomes from people?"

And there are those who allow themselves to be manipulated into just creating dissension, rather than try to figure out a way that we can actually solve the problems. Isn't that what this whole government was supposed to be about, representatives who can help us solve the problems, not people who simply sit there and try to tear things down and try to create dissension and try to create victimhood?

We don't need that. We can do much better than that. This is America, the United States of America, a place that rose from nowhere to the pinnacle of the world in record time. Why? Because we created an atmosphere of innovation.

Were there mistakes made? Were there problems? Absolutely. Are we a perfect society? We are not, because we are -- we consist of human beings. That's why -- that's why we need a savior.

But, you know, we really can do much better than what we're doing, if we stop fighting each other and start figuring out how we're going to solve these problems.

ZELDIN:

Thank you, Mr. Secretary, for being here, for your service. You are someone who wants to lift people up and provide more opportunity, not to keep them struggling, but to have all of the abilities, all the tools necessary to be able to rise up out of that situation for a better life.

I feel like our country is blessed to have you serving as our secretary of HUD. It is a calling that hopefully will provide great opportunity for you to empower many Americans desperate for your leadership, to help them have that opportunity.

CARSON:

Thank you.

ZELDIN:

I wanted to speak briefly about veteran homelessness. On any given night, with HUD numbers, 40,000 veterans in the United States are struggling with homelessness.

Any veteran who raises their hand, willing to serve our country, should have a roof over their head. They should have shoes on their feet. They should have food on their table. So the ultimate goal for that number will always be pursuing the permanent solution of zero.



We know that voucher programs, which give flexibility to Americans struggling from affordable housing, has been shown to be more effective than the traditional housing project programs. I applaud your efforts to move more to a voucher model at HUD for all housing programs.

Earlier, you noted that the agency is making progress, but that the HUD Veterans Affairs Supportive Housing Program is in need of more flexibility to get the vouchers in the right hands, and in the right place.

Additionally, you spoke about the expansion of public-private partnerships and increasing the collaboration of your agency with local non-profits to assist in veteran housing.

I stand eager to work with you. I'm sure many of my colleagues are, as well, with the ultimate goal of getting to zero veteran housing -- homelessness one day. I thank you again for your leadership.

I yield back.

CARSON:

Thank you.

HENSARLING:

Chair now recognizes the gentlelady from Utah, Ms. Love.

LOVE:

Thank you, Secretary Carson, for being here today. I'd like to talk to you a little bit about the Moving to Work program, which, you know, is meant to give public housing authorities the flexibility to pursue innovative strategies to increase housing choices for low-income families and ultimately to encourage economic self-sufficiency.

This program, now operating at only 39 of the approximate 3,200 housing authorities in the U.S., was authorized to expand to more -- to 100 more agencies more than two years ago, through the consolidation -- Consolidated Appropriations Act of 2016.

Your department, both under your predecessor and now under your leadership, has moved slowly and cautiously on this directive from Congress to expand that. HUD has missed some of its deadlines. From that viewpoint, some of our housing authorities, it looks like HUD is trying to add more regulations to a program that was meant -- that was designed for deregulation.

Two of my home state housing authorities, of Salt Lake City and Salt Lake County, are desperately awaiting the chance to apply. They see it is a chance to redesign and streamline antiquated HUD programs to meet local needs more directly and successfully.

So how can we help you advance the Moving to Work program so that local agencies can apply for it and hopefully gain that flexibility that they're seeking?

CARSON:

Well, you've already helped me by that question, because I wasn't aware that that was going on -- that we were trying to increase the regulations, rather than decrease them. That's the exact opposite of what we should be doing.

LOVE:

Right.

CARSON:

So we will look into that.

LOVE:

OK.

Can you tell us a little bit more, generally, about your assessment of the Moving to Work program? Has it been successful in moving more people to economic self-sufficiency?

As we know -- and I think that we can all agree on both sides of the aisle that we should not be in the business of giving people exactly what they need to stay exactly where they are. We should be giving people opportunities to be able to have their needs met, and then be able to move out of there, and be contributing members of society, and help other -- and help their communities.

LOVE:

So can you tell me how successful this program has been in helping people move and be self-sufficient and...

CARSON:

Yeah -- yes. First of all, we discovered through this program that we have some incredibly innovative people, if we take the barriers out of their way and allow them, because, you know, they are able to see the community that they live in and see the opportunities that exist in their community. And therefore, they can design the program in order to take advantage of what exists where they are, not what exists in Washington, D.C.

And that's one of the reasons that the 39 programs that existed have done well enough that, you know, the expansion was authorized. I think the expansion probably should be authorized far beyond another 100, because it is working.

And we are continuing to accumulate data, but it all is pointing in the same direction, and that is giving local control, as long as you have a -- you know, responsibility.

We have to have a way that we measure what they're doing and make sure that, you know, we're not having any type of inappropriate activity going on. But, as long as we have that in place, this is clearly the way to go.

LOVE:

I just have two things I want to bring up really quickly in the minute that I have left.

According to CBO, federal spending on programs to serve low-income families was approximately \$744 billion in 2016, to take into account 80 programs throughout the 13 different federal agencies, and that doesn't include the states that are helping out.

I'm trying to figure out how much goes to brick-and-mortars. One of the comments that you had made is -- and I think it was actually a good comment -- is that, as a bureaucrat, you feel -- you're going to be a fish out of water.

And I want you to be a fish out of water, because it's -- it should be uncomfortable. You know, we shouldn't be sustaining bureaucrats. We should be sustaining people.

CARSON:

Right.

LOVE:

And I want you to just keep conscious of the fact that these programs are meant to make sure that we make it so that people can have an opportunity to get out of the system. We should be incentivizing good behavior...

CARSON:

Right.

LOVE:

... and people who are wanting to get up. And most people that are there -- they do. They want to be masters of their own life.

CARSON:

I agree. They want that.



LOVE:

So thank you. Thank you for being here.

CARSON:

That's -- OK.

HENSARLING:

Time of the gentlelady has expired. The chair expects to clear one more member in the queue.

Chair now recognizes the gentleman from Michigan, Mr. Trott.

TROTT:

Thank you, Mr. Chairman.

Secretary Carson, thank you for being here today. And I represent Michigan's 11th district, which is Oakland County and Western Wayne County. So we're awfully proud of your...

CARSON:

Very familiar.

TROTT:

... awfully proud of your Detroit roots. And I'm happy to report to you that Detroit is making quite a comeback under Mayor Duggan.

CARSON:

Absolutely.

TROTT:

And I know you visited.

CARSON:

Yes.

TROTT:

And you're always...

CARSON:

I was very impressed.

TROTT:

... as am I.

So I'm the last person, so I'm going to end with a couple of compliments. I've been in Congress about three years, and more often than not, the witnesses that appear before us do what we call the old political pivot, and they get a question they don't like, or they feel insulted by, or is self-serving from the person who's asking the questions, and they talk about some else.

You've actually sat here all morning -- and I've been watching in my office and been here in the committee room -- you've actually listened to our questions and done your best to answer our questions. And I suspect it's because you're brighter than most of us, so you're not intimidated by any of these questions. But I want to acknowledge that you've been, actually, one of the more productive witnesses I've seen during my tenure in Congress.

Also, I want to compliment you on the president's choice -- and I'm sure you had some input on -- I think Brian Montgomery is going to be nominated as the FHA Commissioner. He served with distinction towards the end of the Bush administration, and I think he'll be a great asset for you at HUD.

CARSON:

Absolutely.

TROTT:

So let's talk about the FHA program. There's a great article from the HousingWire from July of this year, written by David Stevens from the MBA. And it talks about the unprecedented use of the False Claims Act by HUD and the Department of Justice, starting around 2011, under President Obama.

And, you know, the False Claims Act is a very important federal statute. It was promulgated under President Lincoln to deal with profiteers who were supplying the Union Army and cheating the government. Been used over the last several decades to deal with Medicare fraud and to deal with defense contractors who are ripping taxpayers off.

And so I'm all for the False Claims Act being a use. But are you familiar at all with how it's been used in the context of FHA lending...

CARSON:

Yes.

TROTT:

... and some of the ramifications of that?

CARSON:

Very much so.

TROTT:

So I believe you and Attorney General Sessions could easily solve that problem. And the consequence of the improper use of the False Claims Act to impose outrageous penalties against lenders for immaterial defects in loan origination files on FHA loans -- the consequences are many lenders have left the FHA program, and those that have stayed in the program is more costly for the borrowers who can least afford it.

So do you have any plan, once Commissioner Stevens is in place, to quickly address that problem?

CARSON:

Yeah. Well, we're already addressing that problem, our staff along with the DOJ staff, and we're committed to getting that resolved, because it's ridiculous, quite frankly.

And I'm not exactly sure why there had been such an escalation previously, but the long-term effects of that escalation is obviously providing fewer appropriate choices for consumers, and that's exactly the opposite of what we should be doing.

TROTT:

Who can least afford it, too, so -- right? So great, that's good news on the way there. And I know the MBA has done a great white paper on the issue, and I commend it to you in terms of seeking out an easy solution that can be put in place without congressional action.

CARSON:

Absolutely, yeah.

TROTT:

You know, I dealt with HUD for many years in my prior life, and I always found -- you know, and this has been a real interesting dichotomy today, because you've been attacked for the budget issues that you propose for HUD, and some people think that we have unlimited amounts of money here in Washington. There's a debt clock behind you that will tell you differently.



But your answer has been a good one, which is, "I'm more interested in results than I am in funding, and we've got to get results for the people that need it, and for our taxpayers." And in my experience with HUD, you've talked about the reforms that you're working on -- the field offices need to be empowered.

CARSON:

I agree.

TROTT:

It's kind of like Tip O'Neill's old comment, "All politics is local." I think all housing is local, and the more the field offices can act and focus on results and the -- and the department here in Washington's focused on big-picture, broad issues, I think you get better results. So I commend that to you, number one.

And, two, and I guess this is more of a lecture than a question, but in my experience, it was very important that HUD try and partner whenever possible, and not create -- like, under Secretary Cuomo, it was an adversarial relationship between the local and state housing agencies and HUD.

It doesn't need to be that way. They should be partners to deliver results. And again, the best results are delivered local and closer to home than here in Washington. So I commend that you, as you look at reforms.

And I believe my time has expired, but I thank you for your time today and I thank you for your insightful testimony -- one of the more productive mornings I've -- I've spent here in committee.

CARSON :

Thank you.

TROTT:

And I think, last time, I was on Judiciary Committee last Congress, and Attorney General Lynch said, "I don't know; I can't help you" 74 times, and you've tried to answer our questions. I thank you.

CARSON:

Time of the gentleman has expired.

The chair now recognizes the ranking member for a unanimous consent request.

WATERS:

I would like to submit to the record -- need unanimous consent -- to submit the National Housing Law Project's opposition to the funding in HUD, particularly the \$3 billion at CDBG...

HENSARLING:

Without objection.

(CROSSTALK)

WATERS:

... \$4.6 million will be lost in substance abuse, and...

HENSARLING:

Without objection.

(CROSSTALK)

WATERS:

... domestic violence (ph), 9 million will be lost. I submit...

(CROSSTALK)

HENSARLING:

I'd like to thank Secretary Carson for his testimony today.

Without objection, all members will have five legislative days within which to submit additional written questions for the witness to the chair, which we forwarded to the witness for his response. I would ask, Secretary Carson, you please respond as promptly as you are able.

This hearing stands adjourned.

CARSON:

Thank you.

**From:** Nelson, Rickey M  
**Sent:** 20 Apr 2018 21:15:26 +0000  
**To:** Wade, Dana T;Gormley, Joseph M;Tasca, Charles P;Glavin, William A;Bowes, Robert B;Betts, Susan A;Gerecke, Sarah S;Juaniza, Marta B;Kudlowitz, Mark A;Larochelle, Jacques;Lukoff, Roger M;Meyers, Sara M;Nogic, Amanda J;Payne, Teresa L;Peng, Glorianna Y;Rao, Nandini B;Roget, Gisele G;Shaffer, Julie;Stevens, La Marla N;Marzol, Adolfo F;Olin, Paul M  
**Subject:** Weekly GDAS Report  
**Attachments:** GDAS Weekly Action Request Log.xlsx, Weekly GDAS Report 04202018.docx

Dana,  
Attached is the Weekly GDAS Report for April 20, 2018, along with the Weekly Action Request Log.  
Thanks,

**Rickey Nelson**  
U.S. Department of Housing and Urban Development  
P: 202.402.3251 | Email: [Rickey.M.Nelson@hud.gov](mailto:Rickey.M.Nelson@hud.gov)





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

# OFFICE OF HOUSING

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## GDAS Weekly Report

### April 20, 2018

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Milestones / Accomplishments



April 20, 2018

- **Starrett City.** The Interest Reduction Payment re-decoupling of the Starrett City transaction has been approved and release of the transaction for closing is in the hands of the Multifamily New York Regional Office for final sign-offs. POC: Tom Davis

Non Responsive Record

**From:** Nelson, Rickey M  
**Sent:** 27 Apr 2018 19:54:31 +0000  
**To:** Wade, Dana T;Gormley, Joseph M;Tasca, Charles P;Glavin, William A;Bowes, Robert B;Betts, Susan A;Gerecke, Sarah S;Juaniza, Marta B;Kudlowitz, Mark A;Larochelle, Jacques;Lukoff, Roger M;Nogic, Amanda J;Payne, Teresa L;Peng, Glorianna Y;Rao, Nandini B;Roget, Gisele G;Shaffer, Julie;Morris, Vance T;Stevens, La Marla N;Olin, Paul M;Jones, Shawn R  
**Subject:** Weekly GDAS Report  
**Attachments:** GDAS Weekly Action Request Log.xlsx, Weekly GDAS Report 04272018.docx

Dana,  
Attached is the Weekly GDAS Report for April 27, 2018, along with the Weekly Action Request Log.  
Thanks,

**Rickey Nelson**  
U.S. Department of Housing and Urban Development  
P: 202.402.3251 | Email: [Rickey.M.Nelson@hud.gov](mailto:Rickey.M.Nelson@hud.gov)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

# OFFICE OF HOUSING

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# GDAS Weekly Report

## April 27, 2018



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**Milestones / Accomplishments**

- **Starrett City.** The Interest Reduction Payment re-decoupling of the Starrett City transaction has been approved and released for closing. POC: Tom Davis

Non Responsive Record

**From:** Shaffer, Julie  
**Sent:** 27 Sep 2017 19:21:34 +0000  
**To:** Bowes, Robert B  
**Subject:** FW: HUD News for September 27, 2017

Look at the Ginnie news clips below.

---

**From:** Robinson, Shana  
**Sent:** Wednesday, September 27, 2017 3:12 PM  
**To:** Alston, Julie A <Julie.A.Alston@hud.gov>; Anastasi, Carolyn M <carolyn.m.anastasi@hud.gov>; Axler, Judith R <judith.r.axler@hud.gov>; Boguslaw, Chris <Chris.Boguslaw@hud.gov>; Bynum, Maria L <Maria.L.Bynum@hud.gov>; Carroll, Eileen B <Eileen.B.Carroll@hud.gov>; Collins, David M <David.M.Collins@hud.gov>; Davis, Anne <anne.davis@hud.gov>; DeFelice, Joseph J <Joseph.J.DeFelice@hud.gov>; Delaney, Barbara R <Barbara.R.Delaney@hud.gov>; DIPIETRO, Andy V <Andy.DIPIETRO@hud.gov>; Fulton-Jenkins, Juanita <JFulton-jenkins@hudoig.gov>; Hawkins, Monica A <monica.a.hawkins@hud.gov>; Hill III, Landon M <Landon.M.HillIII@hud.gov>; Houck, Benjamin B <Benjamin.B.Houck@hud.gov>; Jansen, Michael <michael.jansen@hud.gov>; Levine, Michael A <michael.a.levine@hud.gov>; Matthews, Eugenia W <eugenia.w.matthews@hud.gov>; Mazzocco, James A <James.Mazzocco@hud.gov>; McGhee, Debra E <Debra.E.McGhee@hud.gov>; Miller, Jane E <jane.e.miller@hud.gov>; Miodek, Katrina <Katrina.Miodek@hud.gov>; Molinaro-Thompson, Jacqueline <j.molinarothompson@hud.gov>; Murphy, Katelyn M <Katelyn.M.Murphy@hud.gov>; Paradise, Neil B <Neil.B.Paradise@hud.gov>; Payne, Carol B <carol.b.payne@hud.gov>; PHI DIVISION DIRECTORS <PHI\_DIVISION\_DIRECTORS@hud.gov>; PHI FIELD POLICY & MGMT <PHI\_FIELD\_POLICY\_MGMT@hud.gov>; Pietragallo, Sarah G <Sarah.G.Pietragallo@hud.gov>; Possage, Gary O <gary.o.possage@hud.gov>; Prout, Ivy J <ivy.j.prout@hud.gov>; Ross, Elizabeth M <elizabeth.m.ross@hud.gov>; Rubenstein, Cary <CRubenstein@hudoig.gov>; Scheetz, Randall J <Randall.J.Scheetz@hud.gov>; Schmidt, Carrie S <Carrie.S.Schmidt@hud.gov>; Schmiegelow, Toni D <Toni.D.Schmiegelow@hud.gov>; Solivan, Elvis <Elvis.Solivan1@hud.gov>; Szupper, Michael <michael.szupper@hud.gov>; Tolbert, John E <john.e.tolbert@hud.gov>; Triolo, Anthony T <Anthony.T.Triolo@hud.gov>; Turner, Marvin <Marvin.Turner@hud.gov>; Waheed, Raeesa T <Raeesa.T.Waheed@hud.gov>; Webster, Ashley T <Ashley.T.Webster@hud.gov>; Duffie, Dawn B <Dawn.B.Duffie@hud.gov>  
**Subject:** HUD News for September 27, 2017

HUD News for September 27, 2017

Non Responsive Record



Non Responsive Record

[NY] From Bistricher to Rockpoint: The new Starrett City deal is a far cry from what might have been (The Real Deal, NY)

Non Responsive Record

Non Responsive Record

**[NY] From Bistricher to Rockpoint: The new Starrett City deal is a far cry from what might have been (The Real Deal, NY)**

The Real Deal

(9/26/2017 10:23 AM, Mark Maurer and Will Parker)

Just 10 years ago, the largest federally subsidized housing development in the U.S. almost went market-rate.

At the height of the boom in 2007, with the owners planning to exit the Mitchell-Lama program, David Bistricher made a whopping \$1.3 billion bid for Starrett City, the hulking 5,881-unit complex that straddles Canarsie and East New York. But the deal faced intense opposition from government officials and the community, and federal regulators ultimately blocked it.

“When they tried to sell it to us, the owners said they planned to take it out of the Mitchell-Lama program and officials were very upset,” Bistricher, who heads Clipper Equity, recalled. “At the time, the sellers weren’t considering affordability in order to achieve that price.”

Any similar play at Starrett City was seen as untenable, given the scrutiny that came with its status as a stronghold of affordability within an increasingly unaffordable city. That the 2006 Stuyvesant Town-Peter Cooper Village sale ultimately became a debacle didn’t help either. So when Rockpoint Group and Brooksville Company made a go at it this year, the only viable route was the affordable one. The price they agreed to pay for the complex reflects that – at \$850 million, it is nearly 35 percent lower than Bistricher’s 2007 offer.

Non Responsive Record

**From:** Dendas, Michael W  
**Sent:** 23 Oct 2017 23:43:58 +0000  
**To:** Wolfson, Len;Barton, Victoria L;Ludlow, Ashley;Bravacos, John G;Brown, Jereon M;Hobbs, Benjamin R;Frechette, Heidi J;Sparks, Andrea L.;Zorc, Bethany A;Bowes, Robert B;Hughes, Andrew  
**Cc:** Appleton, Seth D;Kelley, Michael J  
**Subject:** Final Murder Board assignments

Murder board all-stars, thank you for participating in tomorrow's final murder board. Below you will find the cadence and line of questioning for tomorrow's murder board.

Please email me if you have any questions about your assignments or question topics we may have omitted.

Thank you all for your help!

-Mike Dendas

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(b)(5) Deliberative Privilege

--Starrett City/Lynne Patton/Trump Administration  
conflicts of interest (all three),

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**Michael Dendas**

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**From:** Bacon, James A  
**Sent:** 13 Jul 2017 21:15:28 +0000  
**To:** DocBen  
**Subject:** Notes 7.12  
**Attachments:** Notes.SecretaryPerryCall7.12.docx, Notes.Passport.7.12.docx, Notes.WeeklyMeetingEagles.7.12.docx, Notes.WeeklyMediaUpdate.7.12.docx, Notes.SecretaryDeVosCall.7.12.docx

Mr. Secretary,

Please see the attached notes from July 12, 2017.



**James Bacon**

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U.S. Department of Housing and Urban Development, HQ, Suite 10218  
T: (202) 402-6162 | C: (b)(6) | E: [james.a.bacon@hud.gov](mailto:james.a.bacon@hud.gov)



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**WASHINGTON, DC 20410-3000**

***SECRETARY BEN CARSON***

**Date:** July 12, 2017

**Topic:** Weekly Media Update

**Attendees:** Sheila, Amy Thompson, Jereon Brown, Raphael Williams, Allie Mills and John Shosky

Non Responsive Record

**Notes:**

- Non Responsive Record

- 

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- Starrett City

- CIR crafting response to House Oversight Committee.

- Non Responsive Record

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**From:** Kelley, Michael J  
**Sent:** 16 Oct 2017 12:50:43 +0000  
**To:** Gormley, Joseph M;Dendas, Michael W  
**Subject:** RE: Hearing transcript  
**Attachments:** Carson\_Oversight of HUD\_HFS Comm\_2017-10-12.pdf

Here you go dude!

---

**From:** Gormley, Joseph M  
**Sent:** Monday, October 16, 2017 8:47 AM  
**To:** Kelley, Michael J <Michael.J.Kelley@hud.gov>; Dendas, Michael W <Michael.W.Dendas@hud.gov>  
**Subject:** Hearing transcript

Mikes,

Do we have a transcript of last week's hearing yet? I so, can you please forward.

Thank you,

Joe



**Joe Gormley**  
U.S. Department of Housing and Urban Development  
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Oct. 12, 2017 - Revised Final

#### LIST OF PANEL MEMBERS AND WITNESSES

HENSARLING:

The committee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time, and all members will have five legislative days within which to submit extraneous materials to the chair for inclusion in the record.

This hearing is entitled "The Future of Housing in America: Oversight of the Department of Housing and Urban Development."

I now recognize myself for 3.5 minutes to give an opening statement.

Today, we welcome the 17th secretary of the Department of Housing and Urban Development, Dr. Ben Carson, for his first appearance before our committee. Welcome, sir.

At least in one respect, he may be among the most qualified individuals to ever serve as HUD secretary. Why? Because Secretary Carson was raised by a single mother who had a third-grade education. He grew up in poor communities in Detroit and Boston, lived in multi-family housing with boarded up windows and doors, surrounded by sirens, gangs and murders.

Not only does he understand poverty personally and viscerally, he understands what it takes to escape it, and he is passionate about helping others escape, as well. He also understands that HUD's approach to eliminating poverty and urban decay too often fails, and thankfully, he is committed to changing it.

When it was created 52 years ago, HUD was intended to be the main weapon in the war on poverty. Now, 52 years later and \$1.6 trillion later, the poverty rate remains basically unchanged. Sadly, despite all this spending, HUD has failed to live up to the noble aspirations of its birth.

I do not wish to diminish the valuable work that HUD does. It is an invaluable part of our nation's social safety net, especially tenant-based Section 8 housing for the elderly and disabled. But I remind all that, for the able-bodied, there is no better affordable housing program than a growing economy that creates better jobs, bigger paychecks and brighter tomorrows.

After suffering from eight years of bad public policy, leading to a sluggish economy that has been growing at barely half of the historic norm, working Americans deserve better. They deserve fundamental tax reform as proposed by the president and Republicans, a fairer, flatter, simpler, more competitive tax system.

There hasn't been any significant tax reform in a century that hasn't grown the economy and grown tax revenues. I remind all, in the first five years after the Kennedy tax relief plan was passed, the economy



grew by 48 percent and federal revenues increased by 66 percent. This growth erased a \$5 billion point (sic) deficit and turned it into a \$3.2 billion surplus.

When Congress enacted the Reagan tax relief package, the economy grew by 42 percent over the next five years, and federal revenues surged by 28 percent. Even going back to the Coolidge era, a series of tax relief measures passed during that administration resulted in annual average economic growth of 4.7 percent.

So we've it time and time again: When we remove the burdens of excessive taxation and allow the American people to keep more of what they earn, we unleash the potential to create prosperity and opportunity for everyone. That's not economic theory; it's economic history, and it's the very embodiment of affordable housing.

I also wonder, how can be for affordable housing, yet oppose allowing working Americans to keep more of their paychecks? And that's exactly what the Republican tax reform framework does: allows working Americans to keep more of their paychecks.

So I look forward to hearing more of the secretary's new vision for HUD and the programs that he and his team are beginning to reform. I now yield to the ranking member for an opening statement.

WATERS:

Thank you, Mr. Chairman.

America is currently in the midst of the worst rental housing crisis that we've ever experienced. It is hitting our lowest income families the hardest. According to the National Low Income Coalition, the United States has a shortage of 7.2 million affordable rental units for extremely-low-income households.

Our country is also at a virtual standstill when it comes to reducing homelessness, and in some parts of the country, homelessness has reached crisis proportions. We also face homeownership challenges, with minority homeownership rates continuing to lag, even as the housing market recovers.

In the face of the immense housing needs in our country, President Trump chose Dr. Ben Carson to serve as the head of the Department of Housing and Urban Development. The secretary of HUD is supposed to be at the forefront of our efforts to create strong communities; expand access to safe, decent and affordable housing; and enforce fair housing rights.

Housing is the foundation on which our entire society is built. It is a platform for economic mobility and well-being. It is a crucial part of our national economy. It is a necessary human right. We need strong leadership and a bold vision for HUD in order to expand access to affordable housing in this country.

Unfortunately, I have seen nothing to indicate that Secretary Carson is up to the challenge. Secretary Carson has expressed views that are deeply alarming and antithetical to his role as HUD, such as describing poverty as, quote, "more of a choice than anything else" -- quote, unquote. And saying he doesn't think public housing should be too, quote, "comfortable" -- quote, unquote.

His few actions so far as HUD secretary are deeply troubling, as well. Secretary Carson has supported a budget that slashes funding for critical housing programs and proposes humble rent increases on some

of the most vulnerable American families. He has also moved to roll back important Obama administration policies and initiatives with little or no explanation.

So I am very much looking forward to hearing from Secretary Carson today about his actions so far and his plans for serving our nation's most vulnerable families.

I thank you, Mr. Chairman, and I yield back the balance of my time.

HENSARLING:

The chair now recognizes the gentleman from Wisconsin, Mr. Duffy, the chairman of the Housing and Insurance Subcommittee, for 1.5 minutes.

DUFFY:

Thank you, Mr. Chairman.

Over here, Mr. Carson. There we go, right here. Hi. It's hard to find people; you don't know where we're talking from. Welcome -- I don't know if it's Secretary or Doctor or Dr. Secretary. Welcome either way, whatever the proper title is.

I think you can tell you're going to be in for an interesting hearing today based on the opening statement of the ranking member.

I would note that poor people have been worse off over the last eight years, and minorities have fared worse than the rest of the population. And I would argue that, with a growing bureaucracy, a bigger government, a collectivist mentality, you gut the middle class. Poor people get poorer, rich people get richer. It happens whenever you implement these policies.

And to go back to a system that gives people a hand up, that helps move them from poverty -- like yourself -- into the middle class, one of the greatest brain surgeons the country has seen, is the American dream, is the American story. So I'm looking forward to your testimony today.

I know you have a lot of reforms that you want to discuss with us. I'm looking forward to hearing that. I'd also like to hear your vision on -- because the -- the prior secretary -- when they would look at success of HUD, success was viewed in the realm of "How many people do we get into the system, how many people do we help through HUD," versus the mentality of "How many people not just do I get in, but how many people can I move out of the system? How many people can I get to stand on their own two feet?"

What's the measure of success in HUD? Look forward to your views on housing finance reform, on rural poverty. And my time is up, so I yield back.

HENSARLING:

Time of the gentleman has expired. The chair now recognizes the gentleman from Missouri, Mr. Cleaver, the ranking member of the Housing and Insurance Subcommittee, for one minute.



CLEAVER:

Thank you, Mr. Chairman.

The future of housing in America -- it strikes me as significant. Thank you for being here, Mr. Secretary.

I have all the comments (ph), but I may be of greater value if I just tell you that I sat down with Shaq, Shaquille O'Neal, to tell him how his father-in-law and I grew up. We grew up two blocks apart. I lived at 405B Bailey, he lived at 512, in the projects. I ended up getting the opportunity to move out faster than they did.

We -- my father saved money, bought a lot, bought a house, moved the house to the lot -- I mentioned to you. And I always think, "Well, what would have happened if nobody had helped my mother and father as they were struggling to make a living for four children?"

I'll end the story, because I -- my time is out -- just to say that I have three sisters, all with degrees, one with a PhD. What would have happened if they had ignored us? Housing is important to me.

I yield back, Mr. Chairman.

HENSARLING:

Time -- time of the gentleman has expired. The chair now recognizes the gentleman from Michigan, Mr. Kildee, the vice ranking member, for one minute.

KILDEE:

Thank you, Mr. Chairman; thank you, Ranking Member Waters. And I'm glad we're having this hearing, Mr. Secretary. I'm glad you're here. The condition of America's cities and towns is a subject that is the jurisdiction of this committee and your department. And I think, in neither case -- for some time, to be fair to you, preceding your entry into this position -- that subject has not gotten nearly the attention that it should.

Unfortunately, for decades, important investment in cities and towns -- CDBG, the HOME program -- have faced really deep cuts. I grew up in Flint just around the same time you were growing up in Detroit. We had a similar childhood experience. And a lot of people know Flint now because of this terrible crisis that it's facing, coming out of this poisoning of its water.

But the truth behind Flint's story is that it was on the brink of insolvency, largely because the state of Michigan and the federal government had eliminated essential support for the development and redevelopment of those places.

I'm anxious to hear how you can square your suggestions to cut further those programs with the sworn oath you took to uphold the mission of the department. Thank you.

HENSARLING:

Time of the gentleman -- time of the gentleman has expired.

Today, we welcome the testimony of the Honorable Ben Carson. This is the first time Secretary Carson has appeared before this committee. Dr. Ben Carson, M.D., was sworn in as the 17th secretary of the U.S. Department of Housing and Urban Development on March 2nd, 2017.

Secretary Carson earned a Bachelor's degree from Yale University, and received his M.D. from the University of Michigan Medical School. Previously, Secretary Carson served as Director of Pediatric Neurosurgery at the Johns Hopkins Children's Center.

Without objection, the witness's written statement will be made part of the record.

Secretary Carson, you are now recognized to give an oral presentation of your testimony. Welcome. I don't think the microphone's on, Secretary. If you could turn the microphone on.

CARSON:

The red light is on.

HENSARLING:

It's on now.

CARSON:

OK.

HENSARLING:

Thank you.

CARSON:

Chairman Hensarling, Ranking Member Waters, members of the committee, thank you for inviting me to discuss the work that we do at the Department of Housing and Urban Development and my plans for fulfilling our mission with fidelity to our congressional mandate and the best interest of the American people.

First, please know that, right now, HUD is involved in the federal response to multiple hurricanes that devastated areas of Texas, Florida, Georgia, Puerto Rico and the U.S. Virgin Islands.

HUD's team is coordinating with our federal, state, territorial, and local agency partners in the field, providing housing solutions for survivors, and helping HUD-assisted (ph) clients and FHA-insured borrowers. In the long term, HUD will play a key role in recovery efforts in these disaster-impacted regions as they rebuild. Helping these communities is and will remain a priority for me and this administration.



America has changed greatly since HUD was established as part of Lyndon Johnson's Great Society programs half a century ago. And we must learn to evolve with the country. Many Americans still struggle to find affordable housing. Chronic homelessness continues to plague tens of thousands of our countrymen. And many millions remain mired in poverty, rather than being guided on a path out of it.

History has made clear that spending more taxpayer dollars does not necessarily create better outcomes. We must constantly evaluate our programs to ensure that we are delivering services effectively and efficiently to HUD's constituents and responding to today's challenges with the best practices and technologies.

Since I arrived at HUD in March, it has been my mission to employ the wealth of knowledge held by career staff to improve our services, reform our programs and remain careful stewards of taxpayer dollars.

After several months of hard work, our team has outlined a bold plan for institutional reform and improvement that will better serve all Americans. It's called the Forward Initiative. The policy elements of the Forward Initiative each fall under what we've named the 3 Rs: reimagine how HUD works, restore the American dream and rethink American communities.

First, reimagining how HUD works refers to our internal processes, working conditions and training. The goal of every improvement made at HUD is to provide better service to those in need.

Second, our job is to restore the American dream, getting Americans back on their feet and permanently improving their lives. Of course, HUD is committed to continuing to serve those families that might always need someone to lean on.

Additionally, we have an opportunity to eliminate veterans' homelessness in America. They sacrificed for our country and deserve all the support we can give.

And finally, we need to rethink American communities and how we can make them thrive. Expanding community investment through public-private partnerships produces better results than heavy-handed government intervention.

It is also our special priority to help more American families live in healthy homes, free of lead hazards and other poisonous substances. As a doctor, I've seen firsthand the tragic consequences of childhood exposure to dangerous building materials. Ridding our homes of these hazards is a worthy cause with great benefits to future generations.

While pursuing its mission to provide safe, decent and affordable housing for the American people, the HUD team is also cognizant of its vital duty to be a good steward of taxpayer dollars.

The president has directed federal agencies to take special care against burdening American families and their businesses with unnecessary and expensive regulations. HUD is reviewing its existing regulations to assess their compliance costs, reduce regulatory burden and build a more efficient and effective agency.

Let me close by reiterating the interest of our administration and my personal interest in working with this committee on housing finance reform. HUD will be an active participant in this critical dialogue because of our fundamental housing mission, and because our FHA mortgage insurance program and

our Ginnie Mae mortgage-backed security guarantee are large and vital components of the nation's housing finance system.

Housing finance reform should be built on shared goals of ensuring a well-functioning housing finance system that provides access for credit-worthy borrowers that are ready to own a home, expands the role of the private sector and reduces overall taxpayer exposure.

Thank you again for inviting me to testify today, and I welcome any questions.

HENSARLING:

The chair now recognizes himself for five minutes for questions.

Secretary Carson, my colleague, the gentleman from Wisconsin, Mr. Duffy, alluded in his opening statement to, really, kind of metrics of success. And there are some who view the success of HUD to be tied to the size of its budget or the number of people who have Section 8 vouchers.

But I'm curious -- does HUD have, or is HUD developing any different metric? I mean, how many people actually get to escape poverty? How many able-bodied individuals are able to escape poverty, to move beyond Section 8 housing, and maybe at one point enjoy the dream of homeownership?

Does HUD have any way to measure this? Are we looking at this wrong? Should there be a different metric of success for what you're doing?

CARSON:

There been a number of studies over the course of decades, and, as was mentioned in your opening statement, there hasn't been a tremendous amount of progress there.

Now, this is not because the people who have been there have had bad intentions. You know, I think they had very good intentions. But we do have to look at the fact that we're not making a great deal of progress with poverty.

And that's why we looking to reform this whole thing and -- really looking more at the person than at the housing complex. Housing is a component of developing people, and we have to recognize that we only have 330 million people in this country.

We have to compete, in the future, with China and India, who have four times that many people. That means, if we don't develop all of our people, we are not going to be able to keep up in the future. It's as simple as that.

So we have to start thinking in terms of holistic development of people, holistic development of communities. How do we enable people to climb that ladder of opportunity? How do we incentivize them to climb that ladder of opportunity so that they become part of the strength of this country?

HENSARLING:



Part of affordable housing is obviously tied to our housing finance system. Recently, Federal Reserve Governor Jerome Powell said, quote, "If Congress does not enact reforms over the next few years, we are at risk of settling for the status quo: a government-dominated mortgage market with insufficient private capital to protect taxpayers and insufficient competition to drive innovation." Do you agree or disagree with Governor Powell's assessment?

CARSON:

There is no question that we need to engage in a serious discussion about finance reform. There -- a lot of progress has been made, by the way. You know, 10 years ago -- you know, we were talking about how important it is to get everybody into homeownership.

And, again, I'm not criticizing the people who did that. But I don't think they realize that to put somebody in a home that they can't afford is not really doing them a favor. They lose the home. They lose their credit. They lose their future opportunities.

We have to learn from those kinds of situations. And to -- and innovation is the hallmark of America.

HENSARLING:

And, Mr. Secretary, can we reform our housing finance system without reforming FHA, which is obviously under HUD?

CARSON:

FHA, as you probably know, is the largest guarantor of mortgages in the world. So it's a central part of it and needs to be reformed as well.

HENSARLING:

Well, historically, the mission of FHA was to support first-time and (ph) low-income -- low to moderate-income families, and it had a small footprint in the market. Now, it has a very large footprint in the market and, in many areas of the U.S., the FHA loan limits are the same as the conventional market -- \$636,150 in so-called high-cost areas.

At least where I come from, only the top wage earners can afford a mortgage of \$636,000. Do you agree that establishing a home price or loan limit more in line, say, with the median home price in the area will better serve the target customer for FHA and get it refocused on low to moderate-income and first-time home buyers?

CARSON:

Well, thank you for that question. If one looks at the actual statistics and looks at the bell curve, you know, 95 percent of the mortgages fall in the \$200,000 range.

On the very tips, there are going to be very low ones and very high ones. So I tend to want to focus on the large group, and not on the outliers. It's very, very rare that we deal with a \$636,000 mortgage.

HENSARLING:

Thank you, Mr. Secretary.

I now recognize the ranking member for five minutes.

WATERS:

Thank you very much.

I had intended to start to talk about the housing crisis that we have. But, since the president was busy tweeting this morning and you referred to HUD's role in dealing with the hurricane disasters and what you and the administration are doing, this morning, Trump threatened to abandon Puerto Rico recovery efforts.

President Trump served notice Thursday that he may pull back federal relief workers from Puerto Rico, effectively threatening to abandon the U.S. territory amid a staggering humanitarian crisis in the aftermath of Hurricane Maria.

In a trio of tweets, he wrote, "We cannot keep FEMA, the military and the first responders, who have been amazing, in Puerto Rico forever." On Thursday, he sought to shame the territory for its own plight. He tweeted, "Electric and all infrastructure was a disaster before hurricanes."

So you talked about what you, HUD, is doing in cooperation with, I guess, the administration. Do you agree with the president?

CARSON:

I certainly agree that Puerto Rico is a very important territory. The people from Puerto Rico have contributed greatly to the culture of America.

WATERS:

Well, I'm not talking about that. What I'm talking about is these tweets where the president threatened to abandon Puerto Rico recovery efforts. Do you agree that they should be abandoned, that Puerto Rico should be abandoned?

CARSON:

Well, first of all, as I was saying, Puerto Rico is a very important...

WATERS:



No, I know it's important. But I want to know...

CARSON:

... part of our culture, and as a result of that, we're not going to abandon them.

WATERS:

... whether or not you agree with the president, who's threatening to abandon Puerto Rico recovery efforts.

CARSON:

I think I just said I have no intention of abandoning Puerto Rico. They're a very important part of who we are.

WATERS:

So, you don't agree with the president. He tweeted, "Electric and all infrastructure was a disaster before the hurricanes," and sought to shame the territory for its own plight. Do you share that opinion?

CARSON:

I think that our job is to make sure that we take care of the disaster that has occurred.

WATERS:

So you don't agree that it should be abandoned. Is that right?

CARSON:

Of course it should not be abandoned.

WATERS:

And you don't think that they should be shamed for its own plight, is that right?

CARSON:

There is no question that there have been a lot of difficulties in Puerto Rico. They ended up \$80 billion (ph)...

WATERS:

Should they be shamed for its own plight?

CARSON:

... in debt.

WATERS:

Talked about...

CARSON:

I don't think -- I don't think it is beneficial to go around shaming people in general.

WATERS:

OK. So I'm glad to hear you don't agree with the president.

Let me go on with my housing question. I want to talk about someone who I recently met by the name of Larry, who resides in a Section 202 housing for the elderly property in south Los Angeles.

Larry shared with me the meticulous monthly budget he manages for himself. I have the budget right here. He lives on a fixed income of \$1,015 per month. After paying for rent, utilities, groceries, medical expenses, personal hygiene, he has exactly \$110 left at the end of the month. He told me he looks forward to using some of that \$110 to take his granddaughter out for ice cream.

The rent increases proposed in your recent HUD budget would mean an \$80 monthly increase for Larry. Larry said to me in my office, "Congresswoman, I don't know which other corner I could cut if I had to pay an additional \$80 per month in rent."

In fact, I have data that shows that seniors would have to pay an additional \$83 a month, on average, in rent under your rent reform proposal, which is a whopping 28 percent increase over what they're currently paying.

There are low-income seniors in HUD assisted housing all over this country, like Larry, with average incomes just over \$13,000 a year. Do you mean to tell me it is the vision of this administration to raise rents on low-income seniors like Larry? Tell me, what do you expect Larry to do if your proposal to raise rent is enacted?

CARSON:

If Larry does not see a way out, he can apply for an exemption, which will be available to him.

Having said that, we are changing programs in such a way as to create sustainability. We don't want to reach a point, you know, five years down the road, where we have no ability to take care of anyone.

WATERS:

Let me just say that I have heard you mention before that hardship exemptions will be available, but I do not accept that as an adequate solution, because hardship exemptions have historically failed to actually have people who is eligible for an exemption, and you have never even acknowledged this.

So I ask you again, what do you expect Larry and the tens of thousands of other seniors like Larry -- do in the face of such a dramatic rent increase?

CARSON:

First of all, I think the situation that you just described is not a typical situation. I don't believe that elderly and disabled people will see that large of an increase. That's not the numbers that I have received.

WATERS:

Based on your cuts, they will.

CARSON:

We will be...

HENSARLING:

Time.

CARSON:

... we'll be very happy to have our people go over the numbers with you.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Wisconsin, Mr. Duffy, chairman of our Housing and Insurance Subcommittee.

DUFFY:

Thank you, Mr. Chairman.

I want to just deviate from my original questions and note that the president was somewhat accurate, in that the electrical grid in Puerto Rico was not up to what it should have been. They're highly in debt. There's a lot of problems in Puerto Rico that they were dealing with before Maria hit them.

And I love the island. I'm part of the Puerto Rican caucus, was part of PROMESA. But to now try to say that President Trump is shaming people on the island -- if I'm not mistaken, it was President Trump who sent over a request for supplemental package to the tune of \$36 billion. That came from the White House.

CARSON:

Yes. And I can tell you from being in many conversations with the president and other members of the Cabinet, he is in no way thinking about abandoning them. He's put a lot of effort into that.

DUFFY:

And, speaking to that point, I think it was President Obama who did just a fly-by stop in, in Puerto Rico, but then went and spent days in Cuba, hanging out with a ruthless dictator, going to see baseball games, hands in the air.

Open up -- open up tourism in Cuba, to the exclusion of tourism in Puerto Rico. We should first go -- let's promote American citizens in Puerto Rico and dollars flowing there, instead of to the dictatorship of Cuba.

I'm off my questions, but I had to respond to the Ranking Member's, I think, inaccurate characterization of what President Trump has done on behalf of the good people of Puerto Rico.

I want to pivot, and I don't have a lot of time. Can you talk about -- when you look at HUD, when you look at the tax dollars that flow through your agency, what are you doing to be more efficient, to stretch those dollars further and help more people, but also be responsive to the taxpayers who send you money? What are you doing on those ends?

CARSON:

Well, I take responsibility to taxpayers very seriously, and we've put in place a team that understands that seriousness. We're -- we've hired a COO, a CIO and a CFO -- hopefully we will get through very soon, it's been named -- so that we can begin to look at things from the 30,000 point of view -- 30,000-foot point of view, rather than just patching little things that don't seem to work, which has sort of been the way that things been done in the past; running it, really, more like a business; assigning responsibilities to people in all of the different areas so that you don't pass the buck to someone else.

DUFFY:

Refreshing. I think I heard the ranking member mention this -- that people shouldn't be too comfortable in public housing -- I think she was quoting you.



CARSON:

Yes.

DUFFY:

What you mean by that?

CARSON:

I thank you for giving me an opportunity to clarify that. We were in a transitional housing setting, and they were getting people out three times to four times faster than other transitional housing. And I wanted to know how they were doing that. It was because they were concentrating their efforts and their resources on getting people into permanent housing, and I said, "That's a very good idea."

There was a New York Times reporter there who sort of misinterpreted that -- or, actually, she did a better job, but her editors reinterpreted that -- to say that Carson thinks that they shouldn't be comfortable. What a bunch of crap that is.

DUFFY:

Thank you for that. Listen, I don't -- I know that poverty is not comfortable. I know that you know that, as well, as someone who lived that firsthand, especially growing up.

But when we talk about being -- trying to make people comfortable in poverty, as opposed to trying to incent people to get out of poverty and get into the middle class -- if you look at your life experience, would you be better off if you and your mother and your family had been made comfortable to stay where you were in public housing and in poverty, or to incentivize you to become the great doctor and now secretary that you are?

CARSON:

Well, I can tell you that, at the time when my mother was pushing us, I would've preferred to -- somebody, make me comfortable there. I didn't want her to make me read these reports and give her all these reports.

But in retrospect, you know, by reading, particularly about successful people in all endeavors, I began to realize what is necessary, and to realize the person who has the most to do with what happens to you is you.

And what we have to do is help more people to not only recognize that, but to give them the means whereby they can take advantage of the opportunities that exist in our society.

DUFFY:

I don't have much time, and I -- we talked about this in the past, but I just want to make this note: I'm concerned in rural America -- how programs impact low-income, homeless people in rural America, as opposed to urban America, where there better structures, and I think more money flows.

But poverty in rural America is just as dangerous and treacherous and sad as in urban America, and making sure there's some equity between the two -- I look forward to continuing to work with you on how we can address these issues in rural America and thank you for your...

HENSARLING:

Time.

(CROSSTALK)

DUFFY:

... service. I yield back.

HENSARLING:

Time -- time of the gentleman has expired.

The chair now recognizes the gentleman from New York, Mr. Meeks.

MEEKS:

Thank you, Mr. Chairman.

Secretary, good to see you.

CARSON:

You too.

MEEKS:

Let me first just say that Puerto Rico needs all the help that it can get, and we need to make sure that we're doing what we need to do. And I would also say that the U.S. Virgin Islands, because I didn't hear you mention -- but the U.S. Virgin Islands cannot be forgotten about.

Puerto Rico, the U.S. Virgin Islands are American citizens, and we need to do all that we can to make sure that the conditions that they're in, due to no fault of their own, but this national (ph) disaster -- that HUD does what it can to make sure that these individuals get back on their feet.

CARSON:

Agreed.

MEEKS:

Now, our life story's somewhat similar. I grew up in public housing, which is very important to me. And the opportunity to move on, you know, there (ph) was great, in the sense that there was -- you know, looking for homeownership.

And I know -- and I think that you said during your testimony that there has not been a tremendous amount of progress at relieving poverty with housing programs. I could tell you that, if it wasn't for housing programs, I probably would still be in poverty.

And I could name friend after friend after friend who grew up in the same public housing development that I did, who no longer lives there, who would be in poverty if it wasn't for a housing program, a decent place to live over their heads, et cetera, which is HUD's mission.

And when you look at the fact that individuals that were preyed upon -- because I know that you also believe, as I do, that the goal is homeownership, but those individuals, many of them, who lived in public housing, who thrive to live -- aspire to live in a home and own a home -- they were the ones that were victimized by exotic mortgages, and they were the targets, et cetera.

And now, they are forced back into rent -- to renting their apartments and homes, and need housing programs so that they can continue to have a roof over their head, so that they can get out of poverty.

And one of the pieces that I am concerned about that we have at HUD now is the DASP program, Distressed Asset Stabilization Program, which seems as though we're selling homes to private equity firms, who has no interest in making sure that we stress homeownership and make sure that individuals stay in their homes.

There, it's just about the dollar. And so I was wondering, what is your vision for the DASP program going forward? And do you -- or do you expect the program to continue?

CARSON:

OK. First of all, public housing is important, and assisted housing is important. The point was that, even though it's important, we need to be looking at ways that we can reform it, so that we can make more progress in terms of getting people out of poverty. But definitely, I don't want to get rid of it.

As far as the DASP program is concerned, you know, we have to, again, be cognizant of our responsibility to taxpayers. And that means not taking on and keeping a lot of -- a lot of properties that require a lot of taxpayer money. If we can find ways to dispose of those properties, absolutely, we want to do it.

But we have written into the regulations a requirement that people who are in those houses cannot be expelled from them for several months. So we try to give people appropriate time to be able to get out.

MEEKS:



So let me just ask, could -- in (ph) the DASP program then target local municipalities and non-profits in buying these bulk homes? Because I know that they have the interests of putting people -- and keeping people in those homes.

If that program was designed so that local municipalities, who have a vested interest in this, and not-for-profits -- then it would be something that would encourage, I think, the same thing that you're talking about...

CARSON:

Yeah.

MEEKS:

... (OFF-MIKE) people into home ownership.

CARSON:

I agree with you. And I know that the former mayor here in D.C. has been working on that kind of issue, and we'd be happy to work with you. The -- I think our goal is obviously to get that property into the hands of private citizens, if we can do that. I'm...

(CROSSTALK)

MEEKS:

Let me just -- because I only have 11 seconds, I just want to get this in, because I think it's tremendously difficult -- also, if you look at the public housing stock in my district, for example, with 1.1 million families living in public housing -- but if you cut all the money that goes into repairing those homes -- any roofs that leak, to get rid of the walls that are mildew -- then there's no way that you can repair them if you don't have the money to reinvest in them, just as in a home.

HENSARLING:

Time of the gentleman has expired. The chair now recognizes the gentleman from New Mexico, Mr. Pearce, chairman of our Terrorism and Illicit Finance Subcommittee.

PEARCE:

Right up here. Thank you. Appreciate you being here today, sir. We appreciate the work that you're doing.

CARSON:



Thank you.

PEARCE:

Now, recently, the New Mexico delegation sent you a letter about the vacancy in the Albuquerque HUD office. Are you making any progress on finding someone to fill that position?

CARSON:

Yes, we're making very good progress on that, and you should be hearing something soon.

PEARCE:

OK. Appreciate that.

Now, I visited with you before about Native American housing. It's -- Native Americans are sometimes located in some of the deepest poverty areas in the -- in the country. I watched my families (ph) -- maybe not the same circumstances as yours -- work our way up through, out of poverty, one small house at a time.

And so, I'm pretty passionate about NAHASDA, Native American housing. Just this last week, I visited the two of the, I guess, really good examples of what tribes can do to provide housing.

And so, again, I've invited you in the past. I would like to re- extend that invitation to come and visit, to see what tribes are doing to build houses for their own citizens and extending their mortgage rules to where banks, at -- in some cases, are financing the houses on Indian reservation, which has not happened much in the past.

And so I think it's very innovative. But -- and so when you talk, then, in the broader case about your forward initiatives and the restore, these are things that I can identify as having worked in our life. I hear your story about how they've worked in your life.

And so I really appreciate your bringing your world experience in, and implementing it into a format that hopefully others can reach. Tell me a little bit about the public-private partnerships that you visualize, and some of the community initiatives.

CARSON:

OK. First of all, thank you for the work that you've done with the Native American community. I had an opportunity recently to go out to Montana and visit with some of the tribes there, as well as a multi-tribal council, and visit with some of the young people there and look at some ideals for really moving that along. And NAHASDA, with the help of Congress, will get the re-vamped very soon.

As far as public-private partnerships around the country, they've been amazing, and it's really the new way that we do things at HUD, rather than riding in with a big bucket of money and saying, "Build this place for these people," you know, getting the local private sector involved in a way that they actually

have significant investment, so that the success and maintenance of the neighborhood is incumbent upon -- it's incumbent on them, to maintain their financial benefit.

So -- and that's the way should be, win-win situations all along. The other thing about that some of these public-private partnerships -- instead of just building a house or putting a roof on, you know, they're trying to build communities, because you need a variety of different things in order to create a healthy community in any part of the country.

CARSON:

And, you know, hopefully, later on, I'll have an opportunity to talk a little bit about the Envision centers that we are working on -- hopefully be opening the first one in a couple of months -- that will really add a lot to complete communities.

PEARCE:

Thank you, sir.

Being a veteran myself, I noted that you said that you are concentrating on eliminating veteran homelessness. Can you give me a little bit more specifics on what's going on in that program?

CARSON:

Yeah. Over the -- over the last relatively short period, homelessness for veterans has been decreased by 47 percent, and is still going down.

We're working with the Veterans Administration, as well as across multiple agencies, because I believe that that is something that we can completely eliminate. The HUD-VASH program has been very successful. In fact, we had extra vouchers left over last year.

One of the things that I think would be very helpful to us, working with your committee, is, you know, having less restrictions on how we can distribute those vouchers, because there are some places where there's absolutely no one who needs them, and other places where they do need them. We need the flexibility to be able to transfer them to the appropriate places.

PEARCE:

Thank you, sir.

Mr. Chairman, I see my time is expired. I yield back.

HENSARLING:

Gentleman yields back.

Chair will now recognize the gentleman from Massachusetts, Mr. Capuano, for five minutes.

CAPUANO:

Mr. Chairman. Thank you, Mr. Secretary, for being here. I'd to yield my time to the ranking member, Mrs. Waters.

WATERS:

Thank you very much, Mr. Capuano.

I have serious concerns about the potential conflicts of interest with regard to HUD funds that are contributing to the profits of multifamily developments owned in part by the president and his son-in-law, Jared Kushner.

Do you think it's appropriate that the president and his family are profiting from federal government funding intended to support low-income families?

CARSON:

If you can give me a specific example, I can address that question.

WATERS:

Well, I want to know if you think it's appropriate that the president and his family are profiting from any federal government funding intended to support low-income families.

CARSON:

I don't think it's appropriate for public officials in general to do that.

WATERS:

OK. Do you stand by the president's decision not to divest himself of his interest in properties that receive HUD funding?

CARSON:

I think the best thing to do is tell me specifically what you're talking about, and then I can address it.

WATERS:

What have you done to ensure that HUD is properly handling these unprecedented conflicts of interest?

CARSON:

Again, if you can tell me what the specific thing is, I can address it.

WATERS:

These properties that are owned in part by the president or Mr. Kushner are also reportedly in very bad condition. You know Starrett City, don't you?

CARSON:

Yes, I know of it.

WATERS:

For example, which is part owned by the president -- you know that, don't you?

CARSON:

I do know that he has...

WATERS:

And you know it has received increasingly...

CARSON:

... a small part ownership of that.

WATERS:

... declining HUD inspection scores. You know that, too, don't you?

CARSON:

Do I know what, now?

WATERS:

That it has increasingly declining HUD inspection scores.

CARSON:



I know that there are problems there, yes.

WATERS:

But, specifically, do you know that Starrett is a problem, that they have received increasingly declining HUD inspection scores? Do you know that?

CARSON:

I know what it is necessary to know as the secretary of HUD, regarding that. Do I know all the numbers about Starrett...

(CROSSTALK)

WATERS:

No, I don't want you to know all of the numbers. All I want you to know is about Starrett. Starrett -- everybody kind of knows a lot about Starrett, and it's partially owned by the president.

You are the HUD secretary, and you're in a conflict of interest situation. And I just want to make sure you understand what you are overseeing. Do you know that they have declining HUD inspection scores?

CARSON:

I know that they've been having difficulty.

WATERS:

OK, so you know that -- that they have not passed inspection. What are you doing to ensure that these HUD residents are not suffering as a result of poor management and lack of investment by its profit-motivated owners?

CARSON:

Well, of course, we oversee the PHAs that are involved with that, and work with them, as we do with the ones all around the country.

WATERS:

We've learned that the owners of Starrett City -- the biggest project-based Section 8 contract in the country, of which Trump is part owner, are planning to sell the property. This sale is already rife with controversy, as infighting between the ownership is playing out in public.

To date, we have no knowledge of how HUD approves the transfer of Section 8 contracts when a property is not FHA insured or HUD-held, as Starrett City is, because HUD has not published its process.

HUD has the ability here to insist upon things like robust tenant protections and longer affordability requirements, but the process is frankly unknown. Have you gotten involved with this? It's a big issue.

CARSON:

We have a very well-formulated group that deals with these kinds of issues, and they will deal with this one in the same way that they deal with all such issues. There won't...

WATERS:

So they have not...

CARSON:

... be anything that's done differently here than has been done.

WATERS:

... they have not kept you apprised of what they're doing?

CARSON:

Excuse me?

WATERS:

Are you satisfied with the progress that they're making?

CARSON:

They will handle this as they have handled all things, and it has...

(CROSSTALK)

WATERS:

So you don't know? They have not kept you apprised; you don't know whether not the process is working.

So I would like a full accounting of the process that your department is planning to employ, including all decision points and who will make them, should this process move forward. And so I want you to commit to that because, again, this is a big project that's owned partially by the president of the United States.

And I want to know how this sale is going to work, what kind of protection these tenants are going to have. And you should keep yourself apprised of it, because I'm going to want to know, as others will want to know, how it is progressing.

CARSON:

We'll be happy to work with you and your staff to disseminate that information.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentlelady from Missouri, Ms. Wagner, chairman of our Oversight Investigation Subcommittee.

WAGNER:

Thank you, Chairman Hensarling, and thank you, Secretary Carson, for your testimony this morning, for being here. Welcome; we know that you've been on the job for just a brief for five or six months. We're glad to have you in front of the committee for the first time.

CARSON:

Thank you.

WAGNER:

As you know, the Committee Development Block Grant program, CDBG, is HUD's third-largest program. But what is often forgotten is that the CDBG disaster relief program, which is designed to help communities and neighborhoods recover from costly disasters -- while the committee has long been concerned by the previous administration's misuse of Community Development Block Grant disaster relief funds, it is important to note that Congress recently provided the program with \$7.4 billion in funding.

Understanding again, that you have only been with HUD since March and this is the first disaster relief effort you've been involved in, are you aware, Mr. Secretary, of some of the problems -- some of the concerns of the program, especially regarding prior misuse of funds? And what importance do you place on making sure these programs go to -- go to the Americans who need them most?

CARSON:

Well, first, I'll thank you for that question. It's very important to point out that CDBG and CDBG-DR are different programs....

WAGNER:

Correct.

CARSON:

And CDBG-DR has been, obviously very, very important in disaster situations like the ones that we've recently seen. There are very good things that have been done through the program. And there are some things that perhaps are quite questionable that have been done.

It doesn't mean that we are not recognizing the things that are good that have been done, and the things that need to be done in terms of infrastructure and redevelopment and development of communities. And those things will continue to be done, without question.

So, you know, I'm not questioning the things that have been effective and that have worked. We're questioning the things that have wasted taxpayers' money. And we have a way of reforming those things.

WAGNER:

Wonderful. I'm glad to hear that, Mr. Secretary.

As the chairman of the -- of the Oversight and Investigations Committee here on Financial Services, we're going to be looking into the program, and -- in even a potential upcoming hearing.

And I just ask for your commitment and cooperation to work with -- with this committee on finding those very solutions that will improve effectiveness, efficiency, and, probably most importantly, taxpayer accountability regarding the Community Development Block Grant disaster relief program.

There are ways, I think, for rules -- putting rules for the program in statute, limiting -- putting limits on money, deadlines, perhaps recapturing of funds, even just better tracking of funds. So I hope that you'll be willing to work with us.

CARSON:

And all of those things will be done. And that's why we've -- we put together a more businesslike approach. And we'll very much (ph) be looking forward to working with you on that.

WAGNER:

I appreciate it.

Staying with that theme, I wanted to go back to something you said in your testimony. And I quote, "While pursuing his mission to provide safe, decent and affordable housing for the American people, the HUD team is also cognizant of its vital duty to be good stewards of taxpayer dollars and, like the medical dictum" -- I love this the best -- "to first do no harm."



Having spent \$1.6 trillion in taxpayer funds since its creation in 1965, is HUD -- just a broad question -- is HUD making life better for American cities and other communities?

CARSON:

A lot of good things have been done. There's no -- I don't -- I don't want to disparage the efforts of the people have put into this. But I see all the things that have been done before as stepping stones to help us to get to where we want to be. And, you know, I have a tendency -- not spend a lot of time disparaging people.

WAGNER:

Well, I appreciate that. I'm interested to know how HUD -- how you -- what your perspective is on measuring success, beyond the number of programs it serves or creates, or the amount of money spent.

CARSON:

I think success for us will be not the number of people we get into these programs, but how many people we get out of it, how many people actually climb that ladder of success and become self-sufficient. And that's what our programs are all going to be aimed at.

WAGNER:

Mr. Secretary, I find your approach refreshing and uplifting. I thank you for your testimony here today. And, Mr. Chairman, I yield back.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Georgia, Mr. Scott.

SCOTT:

Yes, Mr. -- Secretary Carson. Tell me, why do you think President Trump asked you to be secretary of HUD?

CARSON:

Probably because, before I endorsed him, we spent a lot of time talking about what was happening particularly in some of our disadvantaged communities, and how we really needed to recognize that, if we're going to succeed as a nation, all those people have to succeed as well.

SCOTT:

Well, let me ask you this. It just seems to me that -- I believe that the president put you there to give cover to cutting and eliminating the CBDG (sic) program. Let me tell you why.

First of all, this is -- this is the crucible of the whole argument. You should be at the forefront of telling the great story of success of the CBDG (sic) program, the fact that it has created and retained 386,000 jobs for low and moderate-income people.

The CBDG (sic) program has benefited 42 million low and moderate-income persons through public improvements, including senior citizens, child care centers, centers for people with disabilities, veterans, veterans with disabilities. It's benefited 133 million low, moderate-income persons through public service, like employment training. The funds have been used to assist credit-worthy working families with down payments and closing cost assistance on their homes.

You should be out here shouting the success of this program, but rather, I believe that the president has you there to give cover to cutting this program and eliminating it. Here's what you told the New York Times, Mr. Carson, when this issue was brought up.

In July of this year, you said, "I know that the CBDG (sic) have been called out for elimination." You said that. "I know that the CDBG program has been called out for elimination." Was it President Trump that called that out? Who else could?

My impression is that what the president is really saying is that there are problems. And you said this: "I think it was someone on his staff who kind of said, well, maybe we should just get rid of the whole CBDG (sic) program."

Well, I'm here to tell you, Mr. Secretary, I'm not going to let you do that, and I believe we have enough Democrats and Republicans, because this is a bipartisan program that is doing well.

And you would do well, Mr. Secretary, to stand up and fight back in this administration. It needs help, when it comes down to dealing with hurting Americans. And you are in this position, being Secretary, not just because of what you said. "Well, even if we cut these funds, I believe that the American people are a compassionate people."

Well, Mr. Secretary, you should know better than anyone that compassion alone won't do it. It wasn't compassion alone that got you sitting where you are right now. Somebody had to give you and your family and others a financial helping hand.

We need you to speak up and fight back in this administration. Talk that talk.

HENSARLING:

Time -- the time -- the time of the gentleman has expired.

The chair now recognizes the gentleman from Missouri, Mr. Luetkemeyer, chairman of our Financial Institutions Subcommittee.

LUETKEMEYER:

Thank you, Secretary Carson. I'm over here.

CARSON:

OK.

LUETKEMEYER:

Welcome.

Last year, President Obama signed into law the Housing Opportunity Through Modernization Act of 2016, legislation I introduced with my friend and colleague from Missouri, Mr. Cleaver. He's here this morning.

Part of the legislation required the FHA to streamline rules that apply to condominiums. Last September, the department published a proposed rule, and just for timing's sake, can you give us a sense of timing on the final rule, when you anticipate it being -- coming out and being finalized?

CARSON:

Yeah. Well, there were like 28 different sections that had to be satisfied, three-quarters of which have been satisfied. So we're coming down the home stretch on that. And it's really very important because, you know, condominium purchase is frequently the first step into homeownership.

And homeownership is a vitally important part of the economy of our nation. And wealth accumulation - it's the primary source of wealth accumulation. The average homeowner has an accumulated wealth of \$200,000; the average renter, accumulated wealth of \$5,000.

So it is a big issue and one of the reasons that, you know, I'm looking for ways to get a lot of people who are relatively complacent with renting to be homeowners. But we have to do it in a responsible way.

LUETKEMEYER:

Appreciate the comment.

Last month, the Congressional Budget Office released a report entitled "Options to Manage FHA's Exposure to Risk from Guaranteeing Single-Family Mortgages." The purpose of the report was to provide policy options that are designed to further the true mission of FHA, while also improving the agency's financial position. I assume your staff has read that report.

CARSON:

Yes, they have.



LUETKEMEYER:

And are you aware of it?

CARSON:

I have -- we've had some discussions.

LUETKEMEYER:

OK. What -- of the provisions that are in there, are you looking at, you know, implementing some of those? Or are you able to talk about some of it yet that you've got some plans on? Or are you just still reviewing the report?

CARSON:

Those are things that obviously we'd be very happy to work with you on. I am looking forward to having an FHA commissioner involved in those discussions, as well.

LUETKEMEYER:

You have an -- have an idea of when that individual will be appointed?

CARSON:

I'm hoping, very shortly. It's been quite an ordeal getting people in place.

LUETKEMEYER:

I understand.

As housing costs continue to grow and demand for rental housing continues to escalate, but incomes for many low-income families remain stagnant -- given these realities, demand for affordable housing has increased dramatically since the economic crisis. What innovative programs is the administration considering to provide access to housing?

CARSON:

Well, as you probably know, right now, we're only able to provide about one in four or one in three people with affordable housing who are looking for it. We have an extensive waiting list.

And one of the things that is really helping to cut down on the backlog of people are some of these public-private partnerships, particularly through the RAD programs, that have that taken these places



that have the big backlogs of capital improvements that need to be made and, by partnering with the private sector and through LIHTC and things of that nature -- creating vast numbers of affordable units.

I was in Florida and Miami recently, Liberty Square, where they are demolishing 700 units and replacing them with 1600 units, which are very nice and are complete neighborhoods. Those are the kinds of things that will help us to make progress, and will make progress a lot faster than we did with the old model.

LUETKEMEYER:

I've only got a minute left, but I was just kind of curious -- you know, you talked about the hurricane relief that you're working, improvising (ph) -- providing some housing solutions. Can you elaborate a little bit more on and explain?

We've had, you know, three major storms here, and had another storm hit last week. How is -- how is your agency providing relief and help for those folks?

CARSON:

Well, you know, this is an unprecedented situation that has occurred with this level of hurricane activity so close, one after another. We've been involved with each thing. Even before it hit, we had people on the ground -- volunteers on the ground, assessing what the needs are.

How many people do we have who have been displaced? How many units are there. You know, in Puerto Rico, for instance, you know, there's 203 multifamily units with over 2,100 units, and the vast majority of those are assisted housing.

Finding out what happened to those people, where are they located and how can we get them most quickly back into things -- the initial response is through FEMA, and we work very, very closely with them. We rely upon their numbers to help with the long-term recovery aspects of what we do.

LUETKEMEYER:

Thank you very much. My time is expired.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from California, Mr. Sherman.

SHERMAN:

Thank you. Lot of (ph) focus on the FHA program -- the prior administration was in the process of implementing a 25-basis-point reduction of the premium that would've saved the average borrower

\$500 in the first year, and more in high-cost areas like mine. A million homeowners would've benefited, and they would've saved over \$27 billion.

In your confirmation -- of course the -- before you were nominated, the administration halted that plan to reduce the premium by 25 basis points. During your confirmation, you agreed to look at that policy with the possibility of reinstituting that 25 basis points of decline.

We also see that, back in -- until 2013, you stopped making premiums when you reached a loan-to-value ratio of 78 percent. You had 22 percent equity in the property, and at that point, it was thought you did not need insurance to make insurance premium payments. That was reversed in 2013.

Are you moving toward, perhaps, reducing the insurance premium by 25 basis points? And are you examining going back to the policy of saying, "Once you have 22 percent equity, you don't have to make premium payments"?

CARSON:

Certainly both of those things are under study, being looked at very carefully. I personally don't want to make the commitment in terms of either one of them right now, because we're so close to having an FHA commissioner. But do bear in mind that we want the prices of homeownership to be as low as possible, while still protecting the taxpayers.

SHERMAN:

And how will the recent reverse-mortgage changes impact the Mutual Mortgage Insurance Fund, the FHA Insurance Fund? And do you expect additional changes to the reverse-mortgage program?

CARSON:

When the reverse-mortgage program was initiated, I think it was done with very good intentions, but without really looking down the pike. And people were taking out much larger amounts of their equity, in the beginning, than was sustainable. And this was leading to a lot more problems than it was helping.

It's also resulted in a much higher default rate, and that's been a big drain on the MMIF. So the changes that we've made will sort of stop the bleeding, in terms of new mortgages -- or reverse-mortgages.

And the forward mortgage program is doing extremely well. So were doing some draining from the reverse-mortgage, but we are doing a lot of putting into the fund from the other. So we're very close to the 2 percent right now.

SHERMAN:

Thank you.

CARSON:

We obviously need to watch further before we do...

(CROSSTALK)

SHERMAN:

I want -- I want to get into -- to one other issue. Beyond your responsibilities for Housing and Urban Development, you have other responsibilities under the Constitution, along with other Cabinet secretaries, particularly Section 4 of the 25th Amendment. And we all live by this Constitution.

I -- the -- Section 4 deals with the possibility that a president is unable to discharge the powers and duties of his office. Have you taken the time to get legal counsel to brief you on what your responsibility is, as a Cabinet secretary, under the 25th Amendment?

CARSON:

I have not had any in-depth discussions of that.

SHERMAN:

I would urge you to do so. This amendment was written in the early '60s as a result of what we -- life that happens, whether it's the dangers that a president faces, whether it's the health problems a president can face.

I would urge you first to get legal counsel, to know what your responsibilities are, and second, to discuss with other Cabinet officers how you would implement Section 4 of the 25th Amendment.

I yield back.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentleman from Kentucky, Mr. Barr, committee chair of our Monetary Policy and Trade Subcommittee.

BARR:

Thank you, Mr. Chairman. And, Secretary, welcome to the committee and...

CARSON:

Thank you.



BARR:

... thank you for your service, not just as a public servant, as secretary of the department, but also as a physician in private life, and for helping so many children, and most of all, for the example that you have set that hard work, integrity, persistence -- that those are values that are critical to escaping poverty. And thank you for expressing the viewpoint that many of us have, that government dependency often undermines those values.

As we've talked many times, my district in Kentucky unfortunately has one of the highest opioid addiction rates in the country. Unfortunately, the Commonwealth of Kentucky suffers under the third highest drug overdose mortality rate in America.

But the good news is that I've seen success of evidence-based transitional housing programs, including St. James Place, Recovery Kentucky, Revive, Shepherd's House. These are organizations that help individuals coming out of recovery and -- transition back into the workforce through job training, financial literacy and counseling services.

Unfortunately, HUD's Housing First program has not been helpful; individuals who come out of addiction rehabilitation are placed in housing situations where their neighbors are abusing the very substances that they once abused themselves. This contributes to a cycle of addiction that tears apart our communities and also is very costly to the American taxpayer.

Does HUD have any plans to address this issue, in light of the opioid epidemic? Have you considered the need for support of transitional housing programs as an alternative to the very counterproductive Housing First program?

CARSON:

Well, the homelessness is a big issue, and I think one that we as a nation actually have the opportunity to resolve. Housing First, I think, gets a bad name because people think we're just getting people off the street, and then we're forgetting about them. And maybe some people have done it that way. We're not doing it that way now.

We believe in Housing First, housing second and housing third. Housing First -- you get them off the street because, you know, you leave them under that bridge for a year, they're going to end up in an emergency room, frequently end up getting admitted.

A week's admission costs as much as a year or more of housing, so that really doesn't help us very much. There are a lot of statistics I can give you in terms of how much they cost when you don't house them, versus when you do.

But -- so you get them housed first. Secondly, you diagnose why they were in that condition. That's critical. And, in housing third, you fix it. So, you know, I don't think it's appropriate just to get them off the street and forget about them and move on to the next project.

BARR:



Well, thank you, Secretary, for that answer. And I also appreciate your desire to see greater flexibility in HUD-VASH, and seeing the success in HUD-VASH. St. James Place, my district -- I've invited you to come see what they're doing with HUD-VASH.

The flexibility that you're requesting -- we want to help you with that, because organizations like St. James Place are using the HUD-VASH program to great success, requiring work, requiring sobriety, helping these people, not just measuring success by how many veterans they're housing, but how many veterans are leaving and graduating that program.

And again, I want to invite you to come...

CARSON:

OK.

BARR:

... see the good folks at St. James Place in Lexington, Kentucky.

Dr. Carson, I introduced an amendment on the House floor last month to stop overreach by your department. And that amendment prohibited HUD from using funds to implement, administer or enforce three HUD actions inconsistent with statute and negatively impacting manufactured housing.

As you can imagine, in rural Kentucky, manufactured housing is a terrific affordable housing opportunity for many of my constituents. As the leader of HUD that regulates manufactured housing, can you undertake an effort to comprehensively review all of these regulations impacting manufactured housing, and direct your team to utilize this information so that any new regulations do not have unintended cost consequences?

CARSON:

Yes, we have a regulatory reform committee that has been formed at HUD for just purposes like that.

BARR:

Well, thanks for that.

And finally, while we all abhor discrimination, the prior administration enacted regulations that you described in a 2015 Washington Times op-ed as government-engineered attempts to legislate racial equality, that create consequences that can make matters worse.

This is, of course, the disparate impact regulation. Is HUD actively working to ensure -- to revise that 2013 rule, to avoid the problems you outlined in your article?

CARSON:

We are making things logical, making things make sense. So, you know, the Fair Housing Act of 1968 was one the greatest pieces of legislation ever. I'm a big fan of it, and certainly don't want any discrimination of any type going on under my watch.

But we also don't want regulatory burdens to impede our ability to get things done, and we don't want to penalize small municipalities that don't have the ability to hire consultants and do all kinds of things to comply with those issues...

HENSARLING:

Time...

CARSON:

So logic takes (ph)...

(CROSSTALK)

HENSARLING:

... time of the gentleman has expired.

The chair now recognizes the gentleman from Missouri, Mr. Cleaver.

CLEAVER:

Thank you, Mr. Chairman.

Again, thank you, Mr. Secretary, for being here. And I don't want to be melodramatic, but, when I was elected, I didn't -- you know the press said, "What do you want to do?" And I don't want to be speaker, I don't want to be assistant speaker, I don't want to be the person in charge of trash, whatever.

All I wanted was to be on the subcommittee on housing -- only thing I ever -- that was my biggest aspiration, coming to Congress. And it was because of my background, and what I had seen, and what I - - what has hurt me personally, and many other people over the years, which is when people make disparaging comments about people living in public housing.

I mean, you -- you and I grew up very similarly, so, you know -- you know that that's not something that can, you know, give you great joy. My father, living in his home today, I -- my goal is to never let him know ahead of time that he can watch us on C-SPAN, because I don't want him, having done all the work he did to get four kids out, to hear some of the things that people unintentionally say, because this is the house I lived in for seven years.

Six people -- my mother, my father and my three sisters -- seven years. My father worked three jobs, like a lot of the other people in our community -- three jobs. Willie Taylor (ph), Nelson (ph), Katie Boston (ph), Percy Cleveland (ph), Troy Criner (ph) -- classmates of mine -- their parents were doing the same thing.

I've never heard a person, as of today, say, "Boy, I can hardly wait to get my own public housing unit." This is a serious thing to me, my family and a lot of other people.

My goal is to do something, before I leave here, more than I've done, and hopefully, can inspire others to want to do something -- to do some major overhauls of some of our policies. And Mr. Luetkemeyer and I were able to do 3700 together, and I want to ask you a question about that.

But I want it to be known that helping one family will not change the world, but it will change the world for that one family. And people want help, and they need it from time to time.

If you -- if you look at 17 in Genesis, when Abram left Ur to the land -- going toward the land of promise, he stopped at a place called Haran. Many theologians call that the halfway house. He stayed there until he could find a better route to get to the Promised Land.

Public housing is Haran. A lot of people stay there until they can get someplace else. My father -- my father sent my mother to college from when I was almost in the -- in the seventh grade.

I yield back the balance of my time.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentleman from Michigan, Mr. Huizenga, chairman of our Capital Markets Subcommittee.

HUIZENGA:

Dr. Carson, up over in this corner, over here to your right. A little further to your right, here.

CARSON:

That right.

HUIZENGA:

Yes. I know, with the configuration, it's sometimes difficult. And I see my colleague has just left, and I know it was very emotional for him. I think this is a very emotional issue for a lot of us.

I, in my family, have -- I have a father was born in 1921. He passed -- passed away a year and a half ago. My mother was born in 1931. They lived through the Depression. My mother lived in Flint -- that's where she born -- was born and raised.

Recently, with the Flint water crisis that was going on, I went and visited. I asked my mom for a couple of the addresses where her family had moved around to. And I had -- I'm getting choked up, myself. I had my fourth son with me, who was 13. And I stopped. I stopped the car in front of the houses, and the house -- the main house that my mother grew up in.



And I had cousins and uncles and aunts that all lived there. In fact, I had one of my cousins, frankly, reprimand me and ask me, "What in the world were you doing in that neighborhood?" I know how hard people have worked to get out of those situations. I saw it. I witnessed it. I've seen it with my own mom, as well.

And it pains me that my colleague, my friend, has felt that he is heard disparaging remarks about those who live in public housing. That was his quote. I wrote it down. And he said, and this is -- this is the inspirational part, "A lot of people stay until they can get somewhere else."

And I know that's my goal. I -- I believe that's his goal. I trust that that's your goal as well. And I think the question and the debate that we have is, how do we get that to happen? How do we allow that? Because, as I've seen some of your discussions and we've had a chance to talk in the past, not everybody takes advantage of those opportunities to move ahead, or to get out of a particular situation.

And I believe what you're doing with moving to work to allow flexibility for these public housing authorities, to attract private- sector folks in there, attract these outside opportunities, is commendable. And it's my understanding that about 55 percent of able- bodied adults receiving housing assistance are working. And that, to me, is a key.

How do we -- how do we make sure that we are giving those folks who are working hard -- you know, non-senior citizens, non-disabled, the able-bodied, working -- or able-bodied individuals, you know -- do you -- do you support these work requirements and those things that are being tried to sometimes nudge people out of a -- out of a comfort zone?

CARSON:

Well, thank you for asking that question. You know, we all come at this from different angles and different life experiences. But, you know, when you really sit down and talk to people from all these different places, we all really have similar wants and desires, and we allow ourselves sometimes be manipulated into thinking that we're enemies.

We're not enemies. And, you know, this issue of getting people to excel and realize the talent that God has given them -- it's a serious issue because, you know, there are those who would have everybody to believe that you're a victim, and that everybody's against you.

We need to be concentrating on how can we actually get people to climb that ladder of opportunity. We have to recognize things like education. It doesn't matter where you come from or what your background, if you get a good education in this country, you're going to write your own ticket. We need to emphasize that. That needs to be integrated into our living situations, as well.

Health care needs to be taken out of the political arena. We need to be putting clinics into our neighborhoods so that people don't use the emergency room as their primary care. That costs five times more, and also, you know, you wind up with all the stage IV diseases because people don't have consistent care.

All of these kinds of things, we can solve, if we as Americans are willing to work together and not allow ourselves to be polarized.



HUIZENGA:

On closing seconds, I believe that we need to look at how current housing assistance programs either incentivize that, or hinder that opportunity. And hopefully you'll be able to talk more about that.

CARSON:

Absolutely.

HUIZENGA:

Thank you.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentlelady from New York, Ms. Velazquez.

VELAZQUEZ:

Thank you, Mr. Chairman.

Dr. Carson, I'm here. I'm the only member who is a Puerto Rican American citizen who sits in this committee. So, since I don't have the -- President Trump in front of me, I just would like for you to let him know how shameful all the tweets that he put out this morning -- how offended and insulted I am as an American citizen.

And I would like to suggest that the president get some history lessons regarding the Puerto Rican relationship with the United States. In 1898, American troops invaded Puerto Rico. American troops took over Puerto Rico.

In 1917 -- so Puerto Ricans didn't invite the United States Armed Forces. It was invaded. So with that invasion comes responsibility. In 1917, American citizenship was imposed on Puerto Ricans -- timely (ph), so that they could join the Armed Forces and fight in World War I.

So those tweets are unpresidential. The most basic, fundamental responsibility of the president of the United States, the president of the most powerful country in the world, is to show up and make -- and provide the assistance and the relief that American citizens needs.

They don't need this type of insult. And by the way, why is it that he doesn't put the same tweets when it comes to Texas or Florida? You invaded Puerto Rico. We invaded -- the United States of America invaded Puerto Rico.

My uncle participated in the Korean War. We shed blood to defend the freedoms that every American in this country enjoys. So to kick fellow citizens when they are down is shameful.

You said that you're providing assistance for those who lost their homes in Puerto Rico. I hear from the National Low Income Housing Coalition and affordable housing groups on the island that the federal government's housing response has not been sufficient.

What are you doing? In my hometown, Yabucoa, we lost 10,000 homes that were destroyed. What kind of assistance are you providing?

CARSON:

Well, thank you for asking that question. And, you know, I too sympathize greatly with the people who've lost so much. You know, there's 114,000 single-family homes that are FHA-backed, and that -- many of them have sustained significant damage.

Our people are on the ground, including one of our associate senior assistant secretaries, Nelson Bregon, who is a Puerto Rican and has been extraordinarily helpful to me. He's moved over there. We have dozens of others...

VELAZQUEZ:

So what kind of assistance are you providing for those who lost their homes?

CARSON:

... dozens of others who've gone over there.

And what we are providing are insurance for those who've lost their homes through Section 203(h), 203(k) for rehabilitation of homes.

VELAZQUEZ:

Mr. -- Dr. Carson, are you working with some housing groups on the ground?

CARSON:

And I will be going to Puerto Rico myself next week.

VELAZQUEZ:

That's great, but that doesn't provide the assistance that they need today. You know, people are dying.

CARSON:

I'm very...

VELAZQUEZ:

And it's the reason -- it's the raining season in Puerto Rico. I understand that FEMA promised to bring parts for roof that were lost. It's the raining season. People are dying today.

CARSON:

FEMA is the first responder there. They are gathering information. We're working with them in that process for the long-term recovery.

VELAZQUEZ:

Dr. Carson, when you were nominated by the president, I said, "What does he know about housing?" But then, you know, you're a doctor, and you said that you're going to take care of those who are suffering from health issues in public housing.

I see a disconnect between your confirmation hearings and your commitment to address the issue of asthma, respiratory illnesses in public housing, and cutting \$2 billion out of the capital and operating funds for housing.

Do you believe that (ph)...

HENSARLING:

The time of the gentlelady has expired.

The chair now recognizes the gentleman from California, Mr. Royce.

ROYCE:

Thank you, Mr. Chairman. Mr. Secretary, at the -- at the outset here, I just wanted to invite you to come to my district, especially out to San Bernardino, California, where the housing authority is working on a Moving to Work program.

It's an agency that's been up and running for some time there, and it's running very, very effectively. And they've had a number of successful self-sufficiency programs, including homeownership programs and term limits on those, and work requirements. We'd love to have you see this firsthand, if you could.

CARSON:

Sir.

ROYCE:



Wanted to extend that. And I was wondering if you could talk a little more about what the department is doing to advance MTW, as it's called, the Moving to Work program, and other sustainable best practices which lift people out of their situation, and on to economic independence.

CARSON:

Sure. Thank you for that question. The Moving to Work initiative really was to provide various municipalities with the ability to be flexible, recognizing that they were probably the people who best knew what their needs were. And this really allows for a significant amount of innovation.

The first 39 districts that benefited from this have produced some pretty good results, and that has resulted in us extending the program to another 100 communities over the next seven years.

I'm hopeful that we'll be able to go far beyond that. And we look forward to working with you on ways that we can expand that program. We're looking for everything that is highly effective.

ROYCE:

Very good.

CARSON:

And, you know, some of the programs that have been talked about here this morning have had some components that are highly effective. We are going to make sure that we learn from those things and continue to push those things. There may be different mechanisms to do it, but we're not going to abandon those things. That would be foolishness.

ROYCE:

And two other questions. One is the department -- the department is reviewing its policy to allow PACE liens on FHA finance loans. As you know, the defaults on these loans are on the rise. And I was going to ask if you could comment on when you might make a decision on whether to withdraw the current mortgaging (ph) letter or clarify how the FHA will treat these PACE loans.

CARSON:

Well, you know, obviously it's a serious issue when you put in the first lien position somebody other than the major lender...

ROYCE:

Exactly.

CARSON:

... that's an issue.

ROYCE:

It's very concerning to us.

CARSON:

Yes, that's very concerning to me too, and we're taking that into consideration. We'll have a decision on that soon.

ROYCE:

And one last question -- as you know, Mr. Secretary, the GSEs have engaged in significant credit risk sharing transactions. This shields American taxpayers to some extent, and Gwen Moore and I have a bill to get them to do even more in terms of that approach.

I've told -- been told that the FHA may have the authority to do similar risk sharing transactions, or at least purchase coinsurance to reduce the risk to the public.

I think this could be a very constructive means of reducing taxpayer exposure. Would you support legislative -- legislation here or regulatory clarification of FHA's existing authority to explore credit risk sharing?

CARSON:

We have already engaged in some discussions on that, are continuing those. I'm very much looking forward to having an FHA commissioner, but I agree with you that that is an area ripe for discussion and movement.

ROYCE:

Well, thank you, Secretary Carson, and I'll yield back. Appreciate it.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentlelady from Ohio, Ms. Beatty.

BEATTY:

Thank you, Mr. Chairman, and thank you, Ranking Member.

And, to the witness, thank you for being here. I have a series of questions and, for the sake of time to get through them, many of them, Mr. Secretary, I'll ask you to simply affirm or deny with a yes or no vote.

On July 12th, I sent you a letter, signed by more than 15 or 20 of my other colleagues as members of Congress. And in that letter -- and I went to, Mr. Chairman, enter that letter into the record.

HENSARLING:

Without objection.

BEATTY:

So first of all, I want to know, did you receive the letter and read it?

CARSON:

I don't know what was in the letter, so I can't tell you whether I received it.

BEATTY:

OK. It was requesting that you follow through on your predecessor's decision to lower these annual premiums, citing the fiscal strength of the fund and historically low homeownership rates, especially among first-time home buyers.

CARSON:

Certainly I've had some correspondence on that. So it was probably your letter.

BEATTY:

So did you respond to it and I didn't get it? Is that what you're saying? You read it. Did you respond to it? Or I'm...

CARSON:

I personally did not. Did my staff respond to you? I don't know.

BEATTY:

I think we did, from -- some intergovernmental relations person sent us a paragraph. It was -- it didn't -- it did not, in my opinion -- it did not answer my question.

CARSON:

OK, well, I can answer for you now.

BEATTY:

I guess the reason I -- I guess the reason I'm asking you this -- is it your practice, when members of the United States Congress sends a letter personally addressed to you, that you pass it on to a congressional intergovernmental -- I don't know what that person does -- relations person, to say that they have received it? I did not address it to them.

CARSON:

Yeah, many letters that come do not...

BEATTY:

Many letters from members of Congress...

CARSON:

... do not come...

BEATTY:

... on the committee that you're testifying before?

CARSON:

... do not come personally to me.

BEATTY:

No, this was sent personally to you.

CARSON:

I'm saying, it may be sent personally to me, but it doesn't actually end up in my hands. Somebody else -- actually looking at it.

BEATTY:



So, you don't get -- you know, people write me personally all the time. But if a member of -- so let me ask a different question. So if a member of Congress is writing to you about issues that you're coming to testify before this committee -- you get it, and it doesn't get in your hands, and you say "Oh well, so what," and you don't answer?

CARSON:

No, someone else actually goes through it first...

BEATTY:

OK. So, let me ask a different question...

CARSON:

... and then -- and then they bring it to me.

BEATTY:

... for the sake of my time. No. It's my time.

So I'm going to resend the letter, and I want to ask you, would you answer the letter that's coming from me and 20 other members of Congress?

CARSON:

If I get the -- if the -- when the letter is brought to me, we will give you a response.

BEATTY:

No -- we, or you? I would like to ask, would you respond to my letter?

CARSON:

I can respond to you right now.

BEATTY:

Well, I have some other questions. So maybe afterwards, I'll leave the letter with you and you can respond to me.

So, oftentimes, when members come here, you represent not only a secretary of housing, but the president. So I have a question for you. We've spent a lot of time talking about Puerto Rico and the Virgin Islands, so this can be yes or no.

Do you think it was presidential for President Trump to throw paper towels, when he was in Puerto Rico? Yes or no.

CARSON:

That's not a yes or no question.

BEATTY:

Sure it is. Yes, it was presidential, or no, it was (ph) presidential?

CARSON:

I don't believe...

BEATTY:

Second question; do you think it was presidential when President Trump talked about two members in Puerto Rico -- that they were messing up the budget?

CARSON:

You know...

BEATTY:

Was that presidential, yes or no?

CARSON:

... I think it would be wonderful if we talked about what we can do to help our people...

BEATTY:

Do you think it was presidential...

CARSON:

... rather than divide them.

BEATTY:

... when he asked the people in Puerto Rico how many people had died, and then compared it to a greater number in Katrina?

CARSON:

Again, I think we should be talking about positive things and what we can do to ameliorate the situation.

BEATTY:

Well, I think you're absolutely right. And for me, positive, like Congressman Cleaverman (ph) -- all my life, I've wanted to serve on this committee. I didn't live in public housing, but I dedicated more than 25 years of my life -- my very first job, professional job, was working in public housing.

So let me move to something positive. In this committee, Chairman Clayton of the Securities and Exchange Commission testified before this committee. He said, although he had not asked for more funding in fiscal year '18, that in fiscal year '19, he would be requesting more monies.

In fiscal year '18, the budget request from HUD, you requested a 15 percent cut to your budget. Will you be asking for an increase in your fifth -- in fiscal year '19? It's positive, so I assume you're going to tell me yes.

CARSON:

We may well. We continue to ask for what we need, based on information that we derive, so evidence is what drives our budget request.

BEATTY:

Thank you, and I yield back.

HENSARLING:

Time of the gentlelady has expired.

The chair now recognizes the gentleman from Florida, Mr. Posey.

POSEY:

Thank you, Mr. Chairman.

And, Mr. Secretary, thank you for appearing today, and thank you for the -- for the character and the integrity, the heart and the class and the aspirations that you bring to your position.

Many people would say that you had maybe one of the best opportunities in the world to become a failure, to be dependent on government. You proved all the critics wrong, and you became the model of

success, of achieving the American dream, and proof that anyone can do it. And I applaud you for that. I think a lot of people applaud you for that, and I applaud you for trying to help others do that, too.

CARSON:

Thank you.

POSEY:

You know, unfortunately, there's a lot of people that somehow benefit from people being dependent on government, because they think it keeps them being elected. I think self-sufficiency is the way to go, and you obviously do too. And thank you for your efforts to transfer people from dependency to self-sufficiency.

I want apologize for some of the mean and nasty comments made toward you today. They're undeserving. They're attempts to shame you, while they criticize the government for attempting to shame somebody -- the president for attempting to shame somebody. That may be logical to some people, but I'm sure it's probably foreign to you, and you're probably wondering about that. Most intelligent people would.

CARSON:

Yeah, I'm used to it.

POSEY:

Yeah. Most intelligent people would.

But we all have the same people in our districts. They hate the president, and they hate anybody that doesn't hate the president. So we're going to -- they're going to be around for a while, so we just get used to it and do the right thing for the right reasons, which you have a history of doing.

Your forward initiative to reimagine how HUD works, to restore the American dream and to rethink American communities is an awesome plan. And my question to you this morning is, you know, how can we become more engaged in helping you achieve those goals?

CARSON:

Well, thank you very much for your comments, and for that question.

You know, I will be coming back to you, particularly as we continue to analyze what works, because, in order to be efficient, we need the ability to be flexible and to be able to address things quickly so that we don't have to go through so many different channels.



We're not just going to come to you vaguely with something like that. We're going to say specifically, "We need to do X and Y so we can get to Z quickly." So just be open to that.

We want to work with you. We want to benefit from your collective knowledge, experience and the fact that you represent the people. And we are public servants. That means we work for the people, they don't work for us. And therefore, we need to know, through you, how we can best serve them. But we want to work with you to do things in an effective way.

POSEY:

Well, thank you, Mr. Secretary. Clearly, you have a heart of a servant, and you can always count on me, I know, and probably most the people here, for our support.

CARSON:

Thank you.

POSEY:

God bless you.

I yield back, Mr. Chairman.

HENSARLING:

Gentleman yields back.

The chair will now recognize the gentleman from Washington, Mr. Heck.

HECK:

Thank you, Mr. Chairman.

Secretary Carson, I've been interested, since I first arrived here, in the reverse-mortgage market, and not just because it's called the HECM program as an acronym. We were able to pass legislation giving you more flexibility at the department to run the program, with an eye toward improving its financial performance.

But it's always been hard to get a good sense of how the reverse- mortgage program is doing, because the actuarial numbers wing so wildly from year to year. In addition, although the program is small, compared to the FHA forward mortgage program, the swings in reverse- mortgages are so large they're pushing around the capital ratio, as you know, for the MMI Fund and affecting mortgage insurance premiums for the more stable forward program.

I know you haven't been through a reporting cycle yet for these actuarial reports. But I wanted to get your initial thoughts on whether you'd be open to changes in the framework.

I'm thinking about asking GAO to consider options, including moving the reverse-mortgage program out of the MMI Fund, or creating a new forecasting assumptions for the reverse program that would create more stability over time and from year to year. What are your impressions?

CARSON:

I think that's a very worthy thing to pursue. You know, we're looking at, just over the last year, \$7.7 billion out of the MMI because of HECM.

The changes that we've made as of this month, and all the ones that will be going forward from this point, I don't think will have that problem. But we still have the residual problem there. So yes, I believe that would be a worthy pursuit.

HECK:

Secondly, I want to ask about housing. I think the cost of shelter's kind of rapidly going out of control in a lot of communities, especially my part of the country. I think part of the reason for that, personally, is that we have poorly designed federal structure for dealing with housing policy, because nobody's looking at the whole picture at all.

There are no policymakers charged with looking across the whole spectrum. It's incredibly siloed. That's not just an observation on the number of programs; I'm talking about policymaking itself. So even if you look at Congress, for example, federal mortgage assistance is spread across Agriculture Committee, this committee and the Veterans Affairs Committee.

Even within this committee, the primary mortgage market is overseen by Financial Institutions Subcommittee, while the secondary mortgage market is in the Housing and Insurance or Capital Markets, depending on who's doing the securitizing.

It may be that a bunch of narrowly tailored programs is the best way to address housing costs, although I frankly doubt it. But as a result of the silos, I think we address the problem -- each of the problems in isolation.

So we separate homeownership from rentals, market-rate housing from affordable housing, and homelessness from "the rent's too damn high." But my view is housing is an ecosystem, and all the parts are connected, and especially through housing prices.

You're new to this, this whole world of housing policy, and so my hope is that you're kind of looking at it with fresh eyes. I'm wondering if you see the same thing I do, that we do with this in a fractured and fragmented and siloed way.

And if you do, do you have any ideas about how we might be able to address it so that we can all get about the business of ensuring -- not just keeping the dream of homeownership alive for Americans, but also ensuring that everybody has a good place, a good shelter, a good home in which to reside?

As I say, the number one priority here ought to be, blanket, pillow, roof. If you don't have a pillow to lay your head on, a blanket to cover yourself with and a roof over your head, all the other problems in life get amplified very considerably.

CARSON:

Well, you know, we do have to make sure that we will be willing to work across different silos so that we can...

HECK:

Do you see it as a problem?

CARSON:

... we can address it holistically. In the past, we have not done that. I've been engaged with -- several conversations with Secretary Mnuchin, as well as the NAC, the Domestic Policy Council, Department of Agriculture, to develop more holistic approaches to these problems. I think that's the only way we're going to get them solved.

HECK:

I look forward to working with you on that. I yield back the balance of my time, Mr. Chair.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Florida, Mr. Ross.

ROSS:

Thank you, Chairman.

And, Secretary, thank you for being here, and again, I appreciate all your efforts.

You know -- and where I'm from is central Florida, and Tampa Bay area has made quite an expansion in public housing, and has done, I think, a very good job, to the point where they've got a waitlist of 13,000 people. And, you know, we're trying to expand it, we're trying to work more with, of course, your office.

But one of the things that I've got a concern about is the voucher recipients and the portability of vouchers. And I guess my concern is that you've got regional housing authorities -- how can we best design these so that we can get some of these people off a waitlist and, if nothing else, consolidate them, but allow them to have better access to affordable housing through this voucher program?

CARSON:



Well, you know, that's obviously a huge issue and a big question, how do we -- how do we get those waiting lists down? Should we be prioritizing certain types of people, rather than just have a consecutive waiting list?

Those are -- those are questions that we're examining now. We'll be happy to work with you on those. But, again, the key, I think, is, you know, the public-private partnerships: programs like RAD, which has brought in \$4.3 billion of private money to get rid of some of these capital backlogs and to create even more housing.

We need to create win-win situations, even utilizing LIHTC. In the new tax plan that has been put forward, they recognize how important LIHTC is, and have included a way to make sure that it remains profitable for people, because this is how we're going to get out of this problem. This is how we can get out of that backlog.

ROSS:

I agree, and I -- you know, we have -- we've got a good voucher program. I think that it needs to be able to follow the jobs, because that's important, because of course work brings dignity. But the incentive of private capital coming into the market to partner with HUD is very crucial.

And I guess, you know, my concern is we've seen some successes in that regard, and not only the capital, but also the discipline and the counseling that's necessary. The Family Self-Sufficiency Program, for example...

CARSON:

Right.

ROSS:

... one that I think -- that has shown some success. Do you think that that's been a program that we should continue to not only fund, but to expand?

CARSON:

Absolutely. Anything that has to do with creating self-sufficiency -- and we're looking for, you know, innovative approaches for that. You know, one of the things that I'm looking at in the future is taking a sliver of the monthly subsidy, and putting it in what would be like an escrow.

ROSS:

Yes.

CARSON:



And that would be used for the routine maintenance of that unit. So if there's not a lot of routine maintenance, it just continues to grow and grow. But if the holes poked in the screen and the light bulbs are broken and paint -- door needs to be painted, everything (ph) -- it's not going to accumulate.

But you let it accumulate, you let the people know how much money is in it, because that incentivizes them to really take care of their property, and if they leave public housing within 5 to 10 years, they get that money for a down payment.

That has the dual effect of allowing people to get into housing, but it also teaches them the responsibilities of homeownership, because they start acting like homeowners in order to make it accumulate.

ROSS:

It changes the culture. It changes the culture. It grows appreciation and builds a base of dignity and ownership, and I think that's -- you know, when you stop (ph) -- talked on your opening about innovation is key, I think innovation is the absolute compass that we need to be following, in order to change a model that has not worked very well over the last 50 years.

CARSON:

Exactly.

ROSS:

Finally, the Moving to Work program -- what more can we do for those that are non-elderly and are work-capable, to provide them with a Moving to Work incentive?

CARSON:

Well, the key thing that we have to recognize is that, you know, people have tried, you know, different iterations of that over the years, trying to -- you work and you get out (ph) -- and as they start climbing the ladder, we pull the rug out from underneath them.

ROSS:

Right.

CARSON:

What we got to do is we got to let them get far enough up the ladder that they're not even looking down the see if the rug's there anymore. So we just need to understand how that works, and the timing of it.

ROSS:

I appreciate it. I think that program -- I'd like to see it expanded. I mean, it is a pilot program right now. And we've seen it in Orlando.

CARSON:

Absolutely.

ROSS:

It's working there. With that, my time is up and I'll yield back. Thank you, Chairman.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentlelady from New York, Ms. Maloney.

MALONEY:

Thank you very much, Mr. Chairman and Ms. Ranking Member. I'd like to build on Congressman Ross's questions about public-private partnership. And you've discussed right now the importance of it and your support for it in addressing our housing needs.

But in your 2018 budget request, you target programs that encourage these partnerships, personally to leverage, as you said, is so important -- there are not enough dollars out there in affordable housing, and private housing organizations really depend on these government programs.

One in particular, 202, senior housing -- there's always a waiting list by seniors needing the housing, but also developers who are willing to put it up. But the funding hasn't been there. I'm glad to see there's more in this budget. But still, it's been cut back dramatically, quite frankly, from when I first came to Congress.

But how -- how can you think the administration can encourage public-private partnerships if its budget largely cuts out the government's role, and cuts the funding for the government's role in the relationship?

CARSON:

All right, well, thank you for that question. I understand the basis of it.

You know, the -- here's the situation. Would we like to have almost unlimited money to deal with these problems? Absolutely. That would be ideal. But we don't, and we have a \$20 trillion national debt.

Now, I'm not going to have to pay it. You probably won't either, although you're younger than I am. You may have to pay some of it. But your children and your grandchildren will...

MALONEY:

That's true, and I want to get on to another question. You know -- but if you put your money into things that leverage more money and more housing, it's certainly a dollar well spent. And the budget does cut the private-public partnership section, and I -- my request is to see if we can work together to see if we can restore some of it.

CARSON:

Absolutely. I'd be happy to work with you on it.

MALONEY:

I also -- I want to invite you to my district. I represent a lot of HUD projects. My mayor, my City Council president -- everybody's asking you to come and take a tour. So if you're ever in New York, we'd love to set something up for you to look at some the things we have going on the ground (ph).

CARSON:

OK.

MALONEY:

But my district is very different. As you know, in New York, people don't live horizontally. We live vertically. And we live in co-ops and we live in condos. And people are asking for you to revisit opening up assistance to first-time homeowners. That's been one of your themes.

And right now, especially seniors are asking if the co-op owners could be part of HUD's reverse-mortgage program. This is the type of housing I represent, and right now, co-op owners are unfairly excluded from FHA's reverse-mortgage program, and I would say for no real reason.

So my question is, will you consider allowing owners of housing co-ops to participate in FHA's reverse-mortgage programs?

CARSON:

I certainly don't see any reason why we shouldn't engage in that conversation with you.

MALONEY:

Well, that's great.

CARSON:

And let's look at the numbers, and let's see what works, because I'm for doing things that make sense.

MALONEY:

Well, thank you very much, because people are requesting that, particularly seniors, and we have not been able to achieve that. So this would be a great breakthrough. Thank you for...

CARSON:

Absolutely.

MALONEY:

... wanting to look at it.

As you know, FHA plays a countercyclical role in the housing market. It expands in times of market stress, which we went through in 2008, when everyone else is pulling back, and it -- and it shrinks in times of market stability.

And the most recent annual report shows that FHA's market share has actually diminished substantially since its peak during the housing crisis, and has stabilized in these past few years.

But despite this, some people continue to claim that the FHA is playing an outsized role in the housing market, and demand that FHA shrink. So do you agree that FHA is currently playing too large a role in the housing market? Or, you know...

CARSON:

Yeah. Well, right now, you know, we're at about a 13.2 percent, which is sort of back down to the pre-housing-crisis level. It expanded during the crisis like it should. It's sort of like an accordion, right? It's a buffer, and that's the way that it's supposed to work.

That's the ideal situation -- doesn't mean that there aren't some reforms that we're looking at that make it even more efficient, but generally, it has a very positive balance, and it allows people to be able to get into homes, particularly first-time homebuyers, a lot of minorities. And we want to make sure that we maintain that strength.

MALONEY:

Thank you very much.

CARSON:



OK.

HENSARLING:

Time of the gentlelady has expired. The chair wishes to inform all members that we will be excusing the witness at 12:30 today.

Chair now recognizes the gentleman from North Carolina, Mr. Pittenger.

PITTENGER:

Thank you, Mr. Chairman.

Mr. Secretary, thank you again for being with us today. Your demeanor and patience has been exemplary. I have so much appreciation for the focus and clarity of mission that you bring. Your life experience offers so much for each of us to pay keen attention to.

I particularly appreciate all of your continued efforts on behalf of those individuals who are suffering, of course, from the national -- the natural disasters that have occurred in our country.

We have seen unprecedented damage that has been caused by Hurricane Harvey and Irma and Maria. Our hearts go out, obviously, to the victims of all of these awful storms.

As you're very much aware, a year ago, Hurricane Matthew struck North Carolina with subsequent thousand-year floods, severely damaged 98,000 homes and 19,000 businesses. We still have 150 or so families that are still living in FEMA trailers.

It's affected our poorest counties in our state and, frankly, some of the poorest counties in the country: Bladen and Cumberland and Robeson, some of those counties, I know, that we hope to show you, hopefully, in early November, when you can return to our state.

What I would like to ask you, Mr. Secretary, is, what can you say in terms of what the department is doing on long-term disaster relief for these areas? They're not in the media, and they're not the -- on everyone's attention, but the pain and suffering is still there. What can you say is being done currently?

CARSON:

Well, thank you for that, and thank you for your extremely good advocacy for the people of North Carolina.

I did have a scheduled visit there...

PITTENGER:

Sure.

CARSON:

... as you know, recently. And then this little problem called Harvey came up.

(CROSSTALK)

CARSON:

But we are rescheduling that visit to look at that very issue in terms of, you know, the long-term recovery function. You know, we didn't get the final plan from the state, in terms of recovery, until the 21st of April...

PITTENGER:

Yes, sir.

CARSON:

... of this year. So we are working with your state and local officials already, and we'll continue to do so. But we have not, by any stretch of the imagination, forgotten about that just because these other ones have come up.

PITTENGER:

Are you comfortable that HUD has mechanisms in place in not just our state, but all states, to ensure the money is spent in a fiscally accountable and timely way?

CARSON:

For some reason, I'm not hearing well.

PITTENGER:

Well, are you comfortable that the states have accountable structures in place, that the taxpayer money is being used in an appropriate way.

CARSON:

Let me put it this way. At the state level, there seems to be more accountability then there is, frequently, at a lower level. So one of the things that I'm finding just in looking at past data, in terms of efficiency -- you know, working with the state tends to be a little bit better than working with 100 different municipalities.

PITTENGER:

Yes, sir.

And my district, as you may be aware, includes Charlotte. It's a major metropolitan area of our state. I've got seven other additional rural counties, and I would like to ask you, what is HUD's involvement in these rural areas, particularly, and the value that it can bring to these communities?

CARSON:

Well, one thing that sometimes people assume is that HUD is not interested in rural areas because it's called Housing and Urban Development. But obviously, if you look at programs that we have and those in association with USDA, we do pay quite a bit of attention -- maybe want to rename the department, at some point, to reflect that.

There's particularly large issues with poverty and with drug use in the rural areas, and we're working with -- across the silos, with the Department of Justice, Department of Agriculture, on those issues.

PITTENGER:

Thank you, Mr. Secretary, and thank you again for your great spirit and your clarity of mission and dedication. We truly appreciate you.

CARSON:

Thank you. Thank you.

PITTENGER:

I yield back.

HENSARLING:

The gentleman yields back.

The chair now recognizes the gentleman from Michigan, Mr. Kildee.

KILDEE:

Thank you, Mr. Chairman.

And thank you again, Secretary Carson for being here. As I mentioned in my opening statement, and as we chatted briefly before the beginning of this hearing, I'm from Flint, Michigan, a community not far from where you grew up, and a community that has been struggling in many ways for decades, but in a particular way for the past few years as a result of the water crisis.

And you referenced in your testimony that the department, under your leadership, intends to take on some of these issues of exposure to toxic chemicals in housing. And lead is a really significant issue. You



know, as a physician, the impact that lead exposure -- high levels of lead exposure can have on the brain of a developing child.

And so this tragedy, while in many -- in the eyes of many is sort of over -- it's not in the news every day -- it's an ongoing struggle, not only in terms of the infrastructure needs, which are slowly being met; the health and development needs, which are not entirely met; and the redevelopment challenge that this community faces as a result of a real gut punch to the community.

So the challenges that it was already dealing with have been exacerbated by being known as a city of 100,000 people that had poisoned water. The impact on housing values, the impact on neighborhood development is palpable, and it's dangerous.

In the previous administration, we had kind of an all-hands-on-deck approach to Flint's recovery. And I was pleased to see, during the campaign, when then-candidate, now President Trump visited Flint, he said, and I'm quoting him -- this is regarding Flint -- "We will get it fixed. It will be fixed quickly and effectively." And as I stated, Flint is not fixed yet.

I reached out to the White House very early on and asked for a point person on Flint's recovery, because there is a legitimate and important federal role in this. Have not received a response. It's important that we have some sense of who we can work with.

To your knowledge, is there a point person? I mean, I haven't been able to get an answer out of the White House. I wonder if you have a sense of that, if there's a point person that we can work with.

CARSON:

Well, I agree that there needs to be one. And I'd be certainly willing to look into that for you.

KILDEE:

I appreciate that. And perhaps, as we mentioned, you and I could find time to meet. I have a real interest in the work of your department broadly, and I'd like to share some thoughts with you, but specifically, to talk about how my community can continue to receive the support that it surely deserves. So, if we can find time to do that, I would enjoy getting on your calendar. So thank you for that.

And I know this has been raised. I raised it a bit. The preconditions that led to the crisis in Flint are not unique to Flint. We've seen a lot of older communities -- and I heard the reference to not just traditional large cities, but small towns as well -- that have not seen the kind of private investment, and that still do require some public support for their development challenges, in order for them to be fully competitive and make the contributions that they should make.

So I am really concerned about continuing deep cuts to the Community Development Block Grant program, for example, a highly flexible program, a former federal investment that really defaults to the states and, in many cases, directly to local jurisdictions, making decisions for themselves as to what their needs might be.



You know, as in the case of any program, there could be problems. But what I fear is that this administration -- and I'm really interested in your take on this -- is taking a "throw the baby out with the bath water" approach.

This is a really important program that is essential to lots of communities. And can you help me understand what your -- what your position is on this important program?

CARSON:

Yeah. My position is we should save the baby. Don't throw it out with the bath water.

The fact of the matter is, as I mentioned before, there are -- there are multiple good things in these programs that have been very effective, some of which you've just mentioned. We will make sure that those things continue.

KILDEE:

So long -- I appreciate that, so long as we don't take the approach that the only way to help the programs is to just make them so small, as they're not consequential any longer.

I agree that there's a need for change. I've talked to the ranking member about changes in CDBG that I'm interested in pursuing. So, so long as the solution is not simply to essentially eliminate the program over time, I'm happy to work with you on that. Thank you very much.

CARSON:

Absolutely.

KILDEE:

Thanks for your testimony.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Pennsylvania, Mr. Rothfus.

ROTHFUS:

Thank you, Mr. Chairman.

Good morning, Mr. Secretary. Welcome.

CARSON:

Good morning.

ROTHFUS:

My district is home to an organization called HEARTH, which provides vital transitional housing services to victims of domestic violence. For more than 20 years, women and families in Allegheny County fleeing domestic abuse have had a reliable and caring place to go to that provide temporary shelter and protection from danger.

HEARTH has provided hundreds, if not thousands of my constituents with a safe space and the support they need to transition to permanent housing. HEARTH has a compelling mission, and it fulfills a priceless service for the community.

This program has a strong track record, because it provides residents with the supportive services they need to transition to self-sufficiency. Despite this, HEARTH and similar providers have lost or are in danger of losing their HUD funding, unless they abandon the services and high standards that have contributed to their success.

This ties in to the Housing First policy that my colleague, Mr. Barr, raised earlier in the context of drug treatment programs. Under your predecessor, HUD adopted the Housing First policy and de-prioritized programs that failed to conform to that orthodoxy. Indeed, continuums of care were told that HUD will be less generous in funding transitional programs.

I asked Secretary Castro about his position on transitional housing programs like HEARTH and their future place in our housing assistance toolbox. I greatly -- I would generally characterize his response as a full endorsement of the Housing First policy which, again, is going to entail a de-prioritization of transitional housing.

I would appreciate your taking a look at this issue, and I'd appreciate your feedback on whether you think that we have to really keep our eye on the ball on transitional housing, in the context of this Housing First policy.

CARSON:

I'd be very, very happy to work with you on that. But everything that we're going to do is going to be driven by the numbers, driven by the evidence. What's actually effective?

And again, when I talk Housing First, I may be talking something a little different than what the previous secretary was talking.

ROTHFUS:

Well, yeah, we want to follow up with you on that because we want to make sure that this orthodoxy that he was going after isn't really negatively impacting on really good programs...

CARSON:

Right.

ROTHFUS:

... that have been very beneficial to our community.

CARSON:

I agree.

ROTHFUS:

A number of folks have mentioned the Moving to Work program. We've had hearings about that, and it's been discussed today. I believe that this program offers flexibilities that can help public housing authorities better serve their local populations.

My district has -- one of the housing authorities does have a Moving to Work program. There are others that would like it. And I'm -- want to hear from you whether you support the expansion of the Moving to Work program.

CARSON:

I was very happy with the expansion to another 100 areas. And I'm hopeful that we can, with the help of Congress, move far beyond that.

ROTHFUS:

Yes, I'd like to see it really transition from being a pilot program -- I mean, it's been a pilot program since 1996. I don't know how long you have to have a program be a pilot program.

One of the three national program objectives for CDBG is that projects principally benefit low and moderate-income persons. Critics have noted that CDBG funds often end up being used for parks, pools, street signs and community centers, diverting dollars from those communities with the greatest need, particularly in housing.

In your testimony before the House Appropriations Committee this past June, you stated that the CDBG program is, quote, "not well- targeted to the poorest populations, and has not demonstrated a measurable impact on communities." Can you elaborate on that?

CARSON:

Yeah. Very much some of the same things that you just mentioned in the question, and some abuses that are even more significant than that -- this is a program that, again, has some very good components, and the things that are good in that program, and HOME Program, and various programs -- we're not just going to abandon those things. We're going to obviously utilize the information in order to improve what we are able to do.

ROTHFUS:

You mentioned in your testimony before the House Appropriations Committee earlier this year that the first HUD secretary, Robert Weaver, said that we must look for human solutions, not just policies and programs. What do you think he meant by human solutions?

CARSON:

I hope what he meant is that we need to be looking at the people themselves, as opposed to just the concept of sticking them in a house and thinking that our job is done. If we develop the human capital that exists here, it benefits us all.

ROTHFUS:

It sounds like -- that that would still be relevant today -- as relevant today as it was when Secretary Weaver first said that. Would you agree with that?

CARSON:

That would -- that would be the way that I would look at it.

ROTHFUS:

Thank you, Mr. Secretary. I yield back.

HENSARLING:

Gentleman yields back.

Chair now recognizes the gentleman from Texas, Mr. Gonzales.

GONZALES:

I yield to the ranking member. I yield my time.

WATERS:

Thank you very much (ph). I appreciate having the time.



I'm sitting here, and I'm listening to how much you care about the most vulnerable in our society and how you want to help people become independent and out of poverty. And yet your budget and what you are advocating for and what you're advocating against does not really define your representation that you care about these vulnerable people.

You're cutting public housing by \$2 billion, Housing Choice vouchers by \$800 million, project-based rental assistance by \$65 million. You have members on the opposite side of the aisle talking about programs that are funded by the Community Development Block Grant. They don't even know that you've completely eliminated that.

The Home Investment Partnership Program -- we talk about the national housing crisis that we have, and the National Housing Trust Fund is completely eliminated, and the Choice Neighborhoods initiative eliminated. And, you know, Section 811 housing for persons with disabilities -- cut by \$121 million.

And so there's one thing that stands out in my mind, based on the campaign, and looking at what happened in the primaries and things that the president said, and how he talked to you and others and demeaned you so much.

But one of the things that stands out in my mind so vividly is how he mocked and mimicked a disabled journalist. And so you have a -- he has openly mocked disabled people, and HUD's most recent budget proposal, which you supported and defended, proposes a steep 18 percent cut for Section 811 program, which is focused on serving low-income persons with disabilities, as well as harmful rent increases on Section 811 residents.

This is very concerning, in light of the critical role that HUD plays in providing housing assistance to low-income persons with disabilities, as well as enforcing the Fair Housing Act, which protects persons with disabilities against discrimination in the housing market.

Are -- do you remember seeing that display by the president where he mocked and mimicked a disabled journalist? Do you remember seeing the sight of that?

CARSON:

I remember seeing the episode that you're referring to.

WATERS:

Do you think it was wrong for the president to send that kind of message about what he cares -- about disabled people?

CARSON:

Well, you know, I'm not really here to talk about the president. I really want to talk about the people that we're trying to help.

WATERS:

Well, yes, I want to talk about the people, too. Right now, I want to talk about the disabled people. And I want to know if his attitude is such that it is reflected in this budget.

And you defend the budget. And are you defending in any shape, form or fashion the fact that the person who wanted to be the president of the United States of America, for all people, would treat disabled people that way? What do you think about that?

CARSON:

As a pediatric neurosurgeon, you know, a large portion of my patients were disabled people.

WATERS:

All right, so you do care about disabled people. Is that right?

CARSON:

Of course.

WATERS:

When you're in front of disabled people who are advocating for resources to help with their lives, and they ask you about the president and the fact that he mocked and mimicked disabled journalists during the campaign, and they ask you, "Do you defend the president in doing that," what would you say to them?

CARSON:

I would say that I'm going to use the resources and the talents that we have to look out for the interests of the disabled people. We're going to commit to making sure that they are not displaced (ph).

WATERS:

So do you think a cut of \$121 million is a demonstration of your support for the disabled? Section 811 housing's for persons who are disabled -- who are disabled.

CARSON:

I would say it's not the amount of money, it's the result that you get that that's important.

WATERS:

I beg your pardon? I can't hear you.

CARSON:

I would say it's not the amount of money, but rather the result that you achieve that's important.

WATERS:

Well, you keep talking about the amount of money, but you know your real concerns and what you care about is reflected in the budget. And it is difficult for me to believe that you really care about the disabled when you are cutting the resources to them because of the difficulty in their lives and the tremendous needs that they have.

It is difficult for me to believe you care about them with these kind of cuts. I yield back.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Texas, Mr. Williams.

WILLIAMS:

Thank you, Mr. Chairman.

And thank you, Secretary Carson, for being here today, and thank you for your testimony.

CARSON:

Absolutely.

WILLIAMS:

And, for a personal note, I'd like to thank you for reaching out to the -- those of us were involved in the baseball shooting.

CARSON:

Yes.

WILLIAMS:

Thank you very much. Also, I want to thank you for your leadership. I've been around leaders all my life, and you're a leader, thank you for that.

And also, I want to thank you for what you've done in Texas. I'm from Texas. I want to thank you for what you've done in Texas with the -- Hurricane Harvey, for reaching out quickly. Your response has just



demonstrated the swift action and resolute -- and Texans are grateful for what you -- for what you've done.

And I'm also happy that, in such a pivotal time for our country, history of our nation, that your leadership understands the challenges we face. We've talked about them today, and you understand the actions necessary to be the best possible steward of the taxpayer, which is important, while assisting those in need to achieve their God-given potential.

So, Mr. Secretary, I want start by talking about FHA's mortgage insurance program, which so many in my district have addressed with my staff and myself. We're aware of many complaints from mortgage lenders who are being subjected to extended, costly investigations and then lawsuits by the Department of Justice for their participation in the Federal Housing Administration's mortgage insurance program.

While I applaud efforts to penalize lenders who deliberately submitted false or fraudulent mortgages, many lenders are being asked to pay penalties for loans they were -- that were reviewed and audited by the FHA and HUD.

These actions, forcing many lenders to avoid -- or to keep them from participating in the program make it difficult for many first- time homebuyers to purchase homes. So can you explain what circumstances would institute a penalty on a lender, after FHA and HUD have approved their mortgage?

CARSON:

It has been a problem because of all the red tape and all the regulations. And there's so many traps involved, when people do things that are really non-material mistakes, and then they find themselves in the kind of difficulty that would basically drive them away from even wanting to be involved in the first place.

I've talked to Attorney General Sessions about that, and my staff and staff from DOJ are working on those regulatory barriers that are precluding people from wanting to get involved.

WILLIAMS:

The HUD workforce, which you supervise, is just short of 8,000 full-time employees. In comparison to some federal agencies, this may appear to be fairly lean -- 8,000 is hard to say lean -- but given the responsibilities and scope of the department, many could argue that the organization's unnecessarily large.

Do you have the flexibility and authority to right and -- to right the size of the department, if needed, and moving the resources and employees as needed to meet the goals that you and the president have set?

CARSON:

I think -- I think we have close to what we need. We've come down from 15,000 to 8,000 in recent years, and are looking with a very careful look at the actual need to hiring and bringing people on and utilizing



them effectively, and utilizing people in multiple areas in order to increase the efficiency, recognizing that we do have to be stewards of taxpayers' money.

WILLIAMS:

Well, and then what challenges stand in the way of you organizing your department to achieve the best return on taxpayer investment, which would be cost in return?

CARSON:

Well what we've done is divided people into work groups with captains, who are responsible, who bear some fiscal responsibility, so that we don't simply say to the CFO, which we don't have right now, "That is your responsibility." And I think that the more we can distribute that responsibility and make people responsible, the more fiscally responsible they'll be.

WILLIAMS:

Lastly, one of the promises President Trump made to the American people was to direct his administration to decrease regulation in order to spur growth. Regulations choke growth. Since you assumed your current position, what steps have you and President Trump taken to roll back harmful regulations in the housing industry?

CARSON:

Well, we have established a regulatory reform committee. And they work through the Office of the General Counsel, looking at major regulations. We're going -- we have about 10 of them right now, which we're looking to be able to get rid of, on the way to quite a few more than that.

WILLIAMS:

Thank you again for being here. Thank you for your testimony. I yield my time.

CARSON:

Thank you.

HENSARLING:

Time of the gentleman has expired.

The chair now recognizes the gentleman from Nevada, Mr. Kihuen.

KIHUEN:

Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here and for sharing your testimony and also your time, as well. We know you're a very busy person, and we appreciate you taking the time to be here.

Mr. Secretary, as you know, Las Vegas was the epicenter of the foreclosure crisis. My neighbors lost their home to foreclosure. I lost my home to foreclosure. The American dream of homeownership from all these families was ripped away.

In the intervening years, Las Vegas has thankfully recovered. Foreclosures have slowed down. Our economy has continued to grow at a healthy pace. We're adding tens of thousands of jobs a year.

However, housing stock isn't being built at a proportional rate. We're starting to see both home sale and rental prices rising at an alarming rate. Year over year, housing prices were up 13.7 percent from September 2016 to September 2017.

The apartment vacancy rate is one of the lowest in the country, at 3.1 percent. In Clark County as a whole, we need more than 157,000 affordable housing units, but we only have 31,870 available.

Unlike other cities, low-income people cannot -- can't move further out into the suburbs when housing prices increase in the Las Vegas area, since the city is surrounded by desert. These residents are increasingly being forced to live in untenable (ph) situations or leave Las Vegas.

Mr. Secretary, you've spoken before about the need for people to pull themselves up by the bootstraps. However, there are situations, like in Las Vegas, where people have jobs, work hard, but still can't get ahead in the housing market, where rental prices are increasing faster than their paychecks. Do you think there's a government role in helping these people with affordable housing?

CARSON:

There is, in the sense of creating the proper environment for the economy to grow, because a lot of the problems that we're having in that regard is because wages are stagnant, and they're not keeping up with the -- with the increasing cost of the housing.

So that will be the solution to many of the issues that are going on our country, including some of the social issues, because, you know, people get more irritable when they're not doing well economically.

KIHUEN:

Another question: In HUD's fiscal year 2018 budget proposal, the Home Investment Partnerships Program would be eliminated, and -- instead of (ph) relying on local and state governments to fill the gap.

However, the city of North Las Vegas relies on HOME to expand affordable housing options. What if local governments can't pick up the slack? Is it your opinion that they're just out of luck and the federal government shouldn't be assisting them?

CARSON:

We're certainly looking for state and local governments to play a bigger role. There's no question about that. But in terms, as I've said before, of the good things that programs do, including the HOME Program, we're examining those things and looking at the best ways to be able to continue them.

KIHUEN:

Thank you, Mr. Secretary.

And, last question, according to Amparo Gamazo, the executive director of the Southern Nevada Regional Housing Authority, your proposed fiscal 2018 budget would make it very -- and I quote, "very difficult for us to keep up with the maintenance of existing public housing units."

Mr. Secretary, I just read a slew of statistics that pretty clearly show me we're not going to need less public housing going forward, but more. If our local experts are saying your budget -- it's going to make it harder for them to just maintain what we have, how can we fulfill HUD's mandate of helping the American people put a roof over their heads?

CARSON:

Well, I hope that that will be one of the reasons that I can count on Congress to help lift the cap on rent (ph), because that's how we get rid of those capital need backlogs.

KIHUEN:

Thank you, Mr. Chairman. I yield back the remaining time.

HENSARLING:

Gentleman yields back.

The chair now recognizes the gentleman from Maine, Mr. Poliquin.

POLIQVIN:

Thank you, Mr. Chairman, very much.

Mr. Carson, it's wonderful that you're here. I appreciate it very much. Good to see you again.

CARSON:

Thank you.

POLIQVIN:



Dr. Carson, I represent rural Maine -- not the urban parts of Maine, but rural Maine. And you folks might not -- might not be familiar with this, but Maine is the oldest average in the country. It's not Florida, or it's not Arizona. It's Maine.

I worry about folks that live in the rural area. I worry about our seniors, and I worry about making sure we have a very strong safety net for those that are less fortunate than us.

But, you know, even though I worry about our seniors, they're also great teachers. My mom is 89, my dad's 87. I love them to death. I'm very close to my parents, in their -- in their life and in their stage in their life.

But I remember, when we were kids growing up in central Maine, it was a vibrant area with lots of paper mills that were just humming along, and folks were happy and taking care of themselves. And my parents were always working. That's what I remember -- and I'm sure, similar to your situation, in some regard, Dr. Carson.

My dad was a teacher and coach, and he was always traveling. And when he wasn't teaching, he was coaching -- or rather, refereeing high school basketball all around the state. And it's an eight-hour drive from one part of my district to the other.

And my mom was a nurse. She worked the night shift at nursing homes. So she was home when Jim and myself -- my brother and I -- got back to school. And so we grew up with education and compassion. And during the summertime, they were always working. Dad had a little lobster pond (ph).

So what my parents taught me more than anything -- it's not what they said; it's what they showed me. It was honesty, compassion and hard work.

CARSON:

Yes.

POLIQVIN:

Hard work -- now, my first full-time job was when I was, you know, 12 or 13 years old. I worked for 50 cents an hour, pumping gas at a marina on a little lake in Maine. And, man, I -- you know, I worked 40 hours a week, and got a \$20 bill.

I was just on my way. I remember the excitement and purpose I had, getting up every morning, and making my lunch, and going to work. And the next year, I parlayed it into my next job, working at a restaurant, running the cash machine -- the cash register, for a buck an hour. Now I get two \$20 bills for working 40 hours a week.

This is what I learned, now. What I have found is that there are so many people, Mr. Carson, that look for the perfect job and retirement. Well, you live long enough, you know there's no perfect job.

CARSON:

Right.



POLIQUN:

The value of work is the journey. You learn something from every job. You find dignity and self-purpose, and that's what your kids see. And that's what your grandkids see. That's the value of hard work.

Now, I have one son, who's 26. We are very close. He's a hard worker. I worry about Sam all the time. I worry about his generation. But I worry about him less, because he knows the value of hard work. I can't even imagine, Mr. Carson, raising my son to say, "OK. Now, you've had a good education. You know how to work. Now we want to make sure you sign up for every government program you can find."

And I know you believe the same thing. So my question to you, sir, is -- you believe in the dignity and self-purpose of hard work, and what it shows the next generation. What are you good folks doing at HUD to make sure that our families are upwardly mobile, our families can escape government dependence and have better lives, with better futures, more promise and more freedom?

CARSON:

Well, I thank you for that question. One of things that we're doing -- we developed this concept called Envision centers. It comes from the Bible verse, Proverbs 29:18, that says, "Without a vision, the people perish."

And a lot of times, when you go into the low economic areas, and you say to the kids, "What do you want to do when you grow up?" you get a blank stare. But sometimes, you might get a few things -- maybe five things. But there's 1,000 things.

And the Envision centers are to expose them to the other 995 and tell them how to get there, and also to serve as a nidus for mentorship programs, because it's been demonstrated by multiple studies that low-income students who are mentored have a much higher high school graduation rate than those who do not.

It also facilitates child care, because so many of the young women get pregnant, and their education ends at that point. And we want them to get their high school diploma. We want them to be able to get their Bachelor's degree, Master's degree, become independent, but more importantly, teach that to their children so we break the cycles of dependency that have occurred.

And it's also going to be an nidus for health care, for clinics, a whole host of things that -- to really expose young people, because a lot of them -- they have not really been exposed to those things that are necessary in order to be successful in our society.

POLIQUN:

Thank you for what you do for our country, Mr. Carson, and keep doing what you're doing. I yield back my time, sir.

CARSON:

Thank you.

HENSARLING:

Time of the gentleman is expired. The chair now recognizes the gentleman from Texas, Mr. Green.

GREEN:

Thank you, Mr. Chairman.

I thank the witness for appearing, as well. Mr. Carson -- Mr. Secretary, Dr. Carson, sir, you have indicated that there will be substantial cuts to the budget that HUD has. Can you give me that dollar amount? I'm showing that it's about \$6 billion. Is that correct?

CARSON:

That's about right.

GREEN:

Is that about 13 percent of the budget?

CARSON:

Yes.

GREEN:

And will these cuts, Mr. Carson, come from public housing, housing vouchers, community development block grants and other aid to low-income persons?

CARSON:

They come from a variety of sources, including...

GREEN:

How much from public housing, Mr. Carson?

CARSON:

Probably in the neighborhood of, if you combine all the programs, \$2 billion to \$3 billion.

GREEN:

\$2 billion to \$3 billion? How much from housing vouchers, Mr. Carson?

CARSON:

Rather than go through a quiz on all the numbers...

GREEN:

It's not a quiz, Mr. Carson. I have the time to ask you questions about things that you should have some knowledge of. If you have no knowledge of them, you can simply say so. I'll accept it as an answer. But this is something that's within your bailiwick, my dear sir. How much from housing vouchers?

CARSON:

Again, you know, I can give you that number, but...

GREEN:

Well, if you would give it to me, I would greatly appreciate it, because I'd like to go on to community development block grants.

CARSON:

Well, here's my point. I agree with you that it's difficult to do these things.

GREEN:

That is not -- that has little to do with my question. You're answering a question that I'm not asking, to be quite candid with you.

So would you kindly tell me how much HUD is going to -- how much you are going to cut from the HUD budget, as it relates to housing vouchers? Now, if you don't know, it's OK to say you don't know, Mr. Carson. I don't hold you to things that you don't know.

How much are they going to...

CARSON:

Let's just move on and say that I don't want to offer a number, because it's subject...

(CROSSTALK)



GREEN:

Why would the secretary of HUD not give the number -- the amount that you're cutting from housing vouchers, Mr. Carson?

CARSON:

Because...

GREEN:

You're the secretary of HUD.

CARSON:

... because...

GREEN:

You're making the cut.

CARSON:

... because we've already talked about the total amount of the cut.

GREEN:

Well, the total amount does not help me when it comes to the housing vouchers. I have people who use housing vouchers, and I need to be able to explain to them, Mr. Carson, how much the cut portends for them. How much, Mr. Carson?

CARSON:

Let's hear your number.

GREEN:

Well, Mr. Carson, forgive me for coughing while speaking. But, Mr. Carson, you're the witness testifying today, and if you want a moment to ask someone behind you, I would gladly accord you that moment.

CARSON:

I don't -- I don't want to open the book and look at the numbers.

GREEN:

I see.

CARSON:

I want -- I want...

GREEN:

So you choose not to say how much you're cutting from housing vouchers. All right. How much are you cutting from community block grants, Mr. Carson?

CARSON:

... I want to talk about...

GREEN:

Mr. Carson, you don't get to talk about what you want to today. You get to talk about what I want you to talk about. You get to answer the questions that I pose, Mr. Carson. That's the way it works.

CARSON:

Yeah, but I also get to answer the question the way I want to.

GREEN:

Well, you can answer them the way you want, but if you want to show a lack of knowledge, you can do this. It's quite all right, Mr. Carson.

So, now, how much from community development block grants, Mr. Secretary?

CARSON:

Again, I'm not willing to sit there and go through...

(CROSSTALK)

GREEN:

So you don't know how much from community development block grants?

CARSON:

... I'm not going to go through the list, this much, this much and this much. I think that's...

(CROSSTALK)

GREEN:

I don't -- I'll move on, Mr. Carson. I accept that your lack of knowledge.

Now, Mr. Carson, there seems to be a belief among the ranks of those who have opportunities to help others who have been blessed, themselves. They seem to think that the rich need more; that the poor can do more with less, but the rich will have to have more to do more.

Mr. Carson, if poor people could do more with less, there would be no poor people. Poor people are not poor because they choose to be. I know about your "state of mind" comment. But they're not poor because they choose to be poor.

Have you not noticed, just for edification purposes -- and I'm sure that you're aware of it, but there may be people who are listening who are not -- black unemployment, Mr. Carson, is always, with some exceptions, about twice that of white unemployment. There are many reasons for this.

But that fact has a lot to do with what people can do with money that they have, and what they can't do with the money that they don't have. There are other factors involved in this country, other than a state of mind. There is still, Mr. Carson, invidious discrimination in the United States of America.

While you may not suffer it, there are others who do, and they need to know what you plan to do, and I regret that you're unable to tell us today. I yield back the balance of my time, Mr. Chairman.

CARSON:

The positions that you ascribe to me are your opinion of what I think. They're not what I think.

HENSARLING:

Chair...

GREEN:

Mr. Chairman, if he chooses to respond and say this, I'd then asked to...

HENSARLING:

... the time...

GREEN:

... be allowed to let him know that my positions are...

(CROSSTALK)

HENSARLING:

The time of the gentleman has...

GREEN:

... what you articulated and did not articulate.

HENSARLING:

... expired.

The chair now recognizes the gentleman from New York, Mr. Zeldin.

ZELDIN:

Thank you, Mr. Chairman.

Secretary Carson, is there anything that you'd like to say using my time?

CARSON:

Well, thank you very much. I appreciate that.

You know, sometimes I get a little bit tired of people ascribing to me things that people have said that I believe. And I appreciate an opportunity to say this.

When I say that poverty is largely a state of mind, what I'm saying is that the way that people approach things has a lot to do with what happens to them. If your mindset is one that "I'm a victim" and that "everybody else is in control of my life and I just need to sit here and wait for them to do something for me," you're going to approach life very differently from somebody who says, "I am going to take this issue into my own hands."

It was one of the things that I learned from my mother. You know, she came from a very large rural family, got married when she was 13, later on discovered her husband was a bigamist, had only a third-grade education, worked three jobs at a time. But the one thing about my mother -- she was never a victim, and she never allowed us to be victims.



And that was very important. And she did that for other members of our family, too, who were in a very bad situation. And she convinced them that they didn't have to be there, and they came out of that situation. She was really quite an interesting person.

Now, I realize that not everybody has a mother like mine. But I also recognize that we, as a society, would do much better if we stopped sitting around trying to tear each other apart, and start saying, "What can we do to change the attitudes and to create different outcomes from people?"

And there are those who allow themselves to be manipulated into just creating dissension, rather than try to figure out a way that we can actually solve the problems. Isn't that what this whole government was supposed to be about, representatives who can help us solve the problems, not people who simply sit there and try to tear things down and try to create dissension and try to create victimhood?

We don't need that. We can do much better than that. This is America, the United States of America, a place that rose from nowhere to the pinnacle of the world in record time. Why? Because we created an atmosphere of innovation.

Were there mistakes made? Were there problems? Absolutely. Are we a perfect society? We are not, because we are -- we consist of human beings. That's why -- that's why we need a savior.

But, you know, we really can do much better than what we're doing, if we stop fighting each other and start figuring out how we're going to solve these problems.

ZELDIN:

Thank you, Mr. Secretary, for being here, for your service. You are someone who wants to lift people up and provide more opportunity, not to keep them struggling, but to have all of the abilities, all the tools necessary to be able to rise up out of that situation for a better life.

I feel like our country is blessed to have you serving as our secretary of HUD. It is a calling that hopefully will provide great opportunity for you to empower many Americans desperate for your leadership, to help them have that opportunity.

CARSON:

Thank you.

ZELDIN:

I wanted to speak briefly about veteran homelessness. On any given night, with HUD numbers, 40,000 veterans in the United States are struggling with homelessness.

Any veteran who raises their hand, willing to serve our country, should have a roof over their head. They should have shoes on their feet. They should have food on their table. So the ultimate goal for that number will always be pursuing the permanent solution of zero.

We know that voucher programs, which give flexibility to Americans struggling from affordable housing, has been shown to be more effective than the traditional housing project programs. I applaud your efforts to move more to a voucher model at HUD for all housing programs.

Earlier, you noted that the agency is making progress, but that the HUD Veterans Affairs Supportive Housing Program is in need of more flexibility to get the vouchers in the right hands, and in the right place.

Additionally, you spoke about the expansion of public-private partnerships and increasing the collaboration of your agency with local non-profits to assist in veteran housing.

I stand eager to work with you. I'm sure many of my colleagues are, as well, with the ultimate goal of getting to zero veteran housing -- homelessness one day. I thank you again for your leadership.

I yield back.

CARSON:

Thank you.

HENSARLING:

Chair now recognizes the gentlelady from Utah, Ms. Love.

LOVE:

Thank you, Secretary Carson, for being here today. I'd like to talk to you a little bit about the Moving to Work program, which, you know, is meant to give public housing authorities the flexibility to pursue innovative strategies to increase housing choices for low-income families and ultimately to encourage economic self-sufficiency.

This program, now operating at only 39 of the approximate 3,200 housing authorities in the U.S., was authorized to expand to more -- to 100 more agencies more than two years ago, through the consolidation -- Consolidated Appropriations Act of 2016.

Your department, both under your predecessor and now under your leadership, has moved slowly and cautiously on this directive from Congress to expand that. HUD has missed some of its deadlines. From that viewpoint, some of our housing authorities, it looks like HUD is trying to add more regulations to a program that was meant -- that was designed for deregulation.

Two of my home state housing authorities, of Salt Lake City and Salt Lake County, are desperately awaiting the chance to apply. They see it is a chance to redesign and streamline antiquated HUD programs to meet local needs more directly and successfully.

So how can we help you advance the Moving to Work program so that local agencies can apply for it and hopefully gain that flexibility that they're seeking?

CARSON:

Well, you've already helped me by that question, because I wasn't aware that that was going on -- that we were trying to increase the regulations, rather than decrease them. That's the exact opposite of what we should be doing.

LOVE:

Right.

CARSON:

So we will look into that.

LOVE:

OK.

Can you tell us a little bit more, generally, about your assessment of the Moving to Work program? Has it been successful in moving more people to economic self-sufficiency?

As we know -- and I think that we can all agree on both sides of the aisle that we should not be in the business of giving people exactly what they need to stay exactly where they are. We should be giving people opportunities to be able to have their needs met, and then be able to move out of there, and be contributing members of society, and help other -- and help their communities.

LOVE:

So can you tell me how successful this program has been in helping people move and be self-sufficient and...

CARSON:

Yeah -- yes. First of all, we discovered through this program that we have some incredibly innovative people, if we take the barriers out of their way and allow them, because, you know, they are able to see the community that they live in and see the opportunities that exist in their community. And therefore, they can design the program in order to take advantage of what exists where they are, not what exists in Washington, D.C.

And that's one of the reasons that the 39 programs that existed have done well enough that, you know, the expansion was authorized. I think the expansion probably should be authorized far beyond another 100, because it is working.



And we are continuing to accumulate data, but it all is pointing in the same direction, and that is giving local control, as long as you have a -- you know, responsibility.

We have to have a way that we measure what they're doing and make sure that, you know, we're not having any type of inappropriate activity going on. But, as long as we have that in place, this is clearly the way to go.

LOVE:

I just have two things I want to bring up really quickly in the minute that I have left.

According to CBO, federal spending on programs to serve low-income families was approximately \$744 billion in 2016, to take into account 80 programs throughout the 13 different federal agencies, and that doesn't include the states that are helping out.

I'm trying to figure out how much goes to brick-and-mortars. One of the comments that you had made is -- and I think it was actually a good comment -- is that, as a bureaucrat, you feel -- you're going to be a fish out of water.

And I want you to be a fish out of water, because it's -- it should be uncomfortable. You know, we shouldn't be sustaining bureaucrats. We should be sustaining people.

CARSON:

Right.

LOVE:

And I want you to just keep conscious of the fact that these programs are meant to make sure that we make it so that people can have an opportunity to get out of the system. We should be incentivizing good behavior...

CARSON:

Right.

LOVE:

... and people who are wanting to get up. And most people that are there -- they do. They want to be masters of their own life.

CARSON:

I agree. They want that.



LOVE:

So thank you. Thank you for being here.

CARSON:

That's -- OK.

HENSARLING:

Time of the gentlelady has expired. The chair expects to clear one more member in the queue.

Chair now recognizes the gentleman from Michigan, Mr. Trott.

TROTT:

Thank you, Mr. Chairman.

Secretary Carson, thank you for being here today. And I represent Michigan's 11th district, which is Oakland County and Western Wayne County. So we're awfully proud of your...

CARSON:

Very familiar.

TROTT:

... awfully proud of your Detroit roots. And I'm happy to report to you that Detroit is making quite a comeback under Mayor Duggan.

CARSON:

Absolutely.

TROTT:

And I know you visited.

CARSON:

Yes.

TROTT:

And you're always...

CARSON:

I was very impressed.

TROTT:

... as am I.

So I'm the last person, so I'm going to end with a couple of compliments. I've been in Congress about three years, and more often than not, the witnesses that appear before us do what we call the old political pivot, and they get a question they don't like, or they feel insulted by, or is self-serving from the person who's asking the questions, and they talk about some else.

You've actually sat here all morning -- and I've been watching in my office and been here in the committee room -- you've actually listened to our questions and done your best to answer our questions. And I suspect it's because you're brighter than most of us, so you're not intimidated by any of these questions. But I want to acknowledge that you've been, actually, one of the more productive witnesses I've seen during my tenure in Congress.

Also, I want to compliment you on the president's choice -- and I'm sure you had some input on -- I think Brian Montgomery is going to be nominated as the FHA Commissioner. He served with distinction towards the end of the Bush administration, and I think he'll be a great asset for you at HUD.

CARSON:

Absolutely.

TROTT:

So let's talk about the FHA program. There's a great article from the HousingWire from July of this year, written by David Stevens from the MBA. And it talks about the unprecedented use of the False Claims Act by HUD and the Department of Justice, starting around 2011, under President Obama.

And, you know, the False Claims Act is a very important federal statute. It was promulgated under President Lincoln to deal with profiteers who were supplying the Union Army and cheating the government. Been used over the last several decades to deal with Medicare fraud and to deal with defense contractors who are ripping taxpayers off.

And so I'm all for the False Claims Act being a use. But are you familiar at all with how it's been used in the context of FHA lending...

CARSON:

Yes.

TROTT:

... and some of the ramifications of that?

CARSON:

Very much so.

TROTT:

So I believe you and Attorney General Sessions could easily solve that problem. And the consequence of the improper use of the False Claims Act to impose outrageous penalties against lenders for immaterial defects in loan origination files on FHA loans -- the consequences are many lenders have left the FHA program, and those that have stayed in the program is more costly for the borrowers who can least afford it.

So do you have any plan, once Commissioner Stevens is in place, to quickly address that problem?

CARSON:

Yeah. Well, we're already addressing that problem, our staff along with the DOJ staff, and we're committed to getting that resolved, because it's ridiculous, quite frankly.

And I'm not exactly sure why there had been such an escalation previously, but the long-term effects of that escalation is obviously providing fewer appropriate choices for consumers, and that's exactly the opposite of what we should be doing.

TROTT:

Who can least afford it, too, so -- right? So great, that's good news on the way there. And I know the MBA has done a great white paper on the issue, and I commend it to you in terms of seeking out an easy solution that can be put in place without congressional action.

CARSON:

Absolutely, yeah.

TROTT:

You know, I dealt with HUD for many years in my prior life, and I always found -- you know, and this has been a real interesting dichotomy today, because you've been attacked for the budget issues that you propose for HUD, and some people think that we have unlimited amounts of money here in Washington. There's a debt clock behind you that will tell you differently.

But your answer has been a good one, which is, "I'm more interested in results than I am in funding, and we've got to get results for the people that need it, and for our taxpayers." And in my experience with HUD, you've talked about the reforms that you're working on -- the field offices need to be empowered.

CARSON:

I agree.

TROTT:

It's kind of like Tip O'Neill's old comment, "All politics is local." I think all housing is local, and the more the field offices can act and focus on results and the -- and the department here in Washington's focused on big-picture, broad issues, I think you get better results. So I commend that to you, number one.

And, two, and I guess this is more of a lecture than a question, but in my experience, it was very important that HUD try and partner whenever possible, and not create -- like, under Secretary Cuomo, it was an adversarial relationship between the local and state housing agencies and HUD.

It doesn't need to be that way. They should be partners to deliver results. And again, the best results are delivered local and closer to home than here in Washington. So I commend that you, as you look at reforms.

And I believe my time has expired, but I thank you for your time today and I thank you for your insightful testimony -- one of the more productive mornings I've -- I've spent here in committee.

CARSON :

Thank you.

TROTT:

And I think, last time, I was on Judiciary Committee last Congress, and Attorney General Lynch said, "I don't know; I can't help you" 74 times, and you've tried to answer our questions. I thank you.

CARSON:

Time of the gentleman has expired.

The chair now recognizes the ranking member for a unanimous consent request.

WATERS:

I would like to submit to the record -- need unanimous consent -- to submit the National Housing Law Project's opposition to the funding in HUD, particularly the \$3 billion at CDBG...



HENSARLING:

Without objection.

(CROSSTALK)

WATERS:

... \$4.6 million will be lost in substance abuse, and...

HENSARLING:

Without objection.

(CROSSTALK)

WATERS:

... domestic violence (ph), 9 million will be lost. I submit...

(CROSSTALK)

HENSARLING:

I'd like to thank Secretary Carson for his testimony today.

Without objection, all members will have five legislative days within which to submit additional written questions for the witness to the chair, which we forwarded to the witness for his response. I would ask, Secretary Carson, you please respond as promptly as you are able.

This hearing stands adjourned.

CARSON:

Thank you.

**From:** Wolfson, Len  
**Sent:** 16 Oct 2017 15:52:46 +0000  
**To:** Wade, Dana T  
**Cc:** Gormley, Joseph M  
**Subject:** Q&A for Montgomery  
**Attachments:** Montgomery QA for SBC hearing (draft 1).docx

I revamped our Q&A for Montgomery. Let me know if you're ok with me sending it to him. Joe, I welcome your eyes on it as well.

-Len



**Len Wolfson**

U.S. Department of Housing and Urban Development

O: 202-402-6318 | C: (b)(6) | [len.wolfson@hud.gov](mailto:len.wolfson@hud.gov)

Non Responsive Record

*During Secretary Carson's confirmation hearing, Senator Warren asked him whether he would ensure that President Trump did not personally profit from HUD programs. It has been reported recently that Starrett City, a HUD Section 8 property, is being sold to a new owner. Can you assure this Committee that the President will not financially gain from this transaction?*

- I can assure this Committee that, if confirmed, I will ensure that we handle this potential sale as we would any other.

Non Responsive Record

**From:** Gormley, Joseph M  
**Sent:** 16 Oct 2017 16:28:16 +0000  
**To:** May, Marlene L  
**Subject:** Emailing - Carson\_Oversight of HUD\_HFS Comm\_2017-10-12(highlighted).pdf  
**Attachments:** Carson\_Oversight of HUD\_HFS Comm\_2017-10-12(highlighted).pdf



**From:** Gormley, Joseph M  
**Sent:** 16 Oct 2017 20:17:05 +0000  
**To:** Wolfson, Len  
**Subject:** RE: For Brian  
**Attachments:** Carson\_Oversight of HUD\_HFS Comm\_2017-10-12(highlighted).pdf

Attached, with housing questions highlighted.

---

**From:** Wolfson, Len  
**Sent:** Monday, October 16, 2017 4:16 PM  
**To:** Gormley, Joseph M <Joseph.M.Gormley@hud.gov>  
**Subject:** FW: For Brian

Can you send me that attachment as well?

**From:** Wade, Dana T  
**Sent:** Monday, October 16, 2017 7:15 AM  
**To:** Gormley, Joseph M <Joseph.M.Gormley@hud.gov>  
**Cc:** Wolfson, Len <Len.Wolfson@hud.gov>  
**Subject:** For Brian

Joe: Can you print out the hearing transcript, put it into a binder for Brian, and highlight any questions related to Housing and FHA?

I'd also like you to attend the career briefings today if I cannot (b)(6)

(b)(6).

Thank you!  
Dana



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF ADMINISTRATION

OCT - 4 2019

Mr. Austin Evers  
Executive Director  
American Oversight  
1030 15<sup>th</sup> Street, NW  
Suite B255  
Washington, DC 20005

RE: Freedom of Information Act Request  
FOIA Control No.: 19-FI-HQ-00695  
Civil Action No.: 19-cv-1255

Dear Mr. Evers:

This letter is our third interim response to your Freedom of Information Act (FOIA) request dated February 5, 2019. Your request was received on February 11, 2019, in which you requested all communications between January 20, 2017, and May 31, 2018, by any political appointee at the Department of Housing and Urban Development regarding the 2018 sale of the Starrett City housing complex.

By letters dated August 6, 2019, and September 6, 2019, we provided you with interim responses and informed you that we are continuing to review and process records. At this time, we have completed the responsiveness review and processing of an additional 561 pages, and we are continuing to review and process an additional 668 pages of potentially responsive records.<sup>1</sup> We still anticipate that we will review the remaining 668 pages of material for responsiveness, process any responsive material and produce all such non-exempt records no later than October 30, 2019.

For our third interim release I have determined that 71 pages are appropriate for release without excision. I have also determined that 26 pages are appropriate for release with excisions made pursuant to Exemptions 5 and 6 of the FOIA, 5 U.S.C. § 552(b)(5) and (b)(6), and copies are enclosed. Exemption 5 pertains to certain inter- and intra-agency communications protected by the deliberative process privilege. The release of this internal information would reflect HUD's predecisional, deliberative process, and would discourage open and candid advice, recommendations, and exchanges of views within the Department, which could bring about

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<sup>1</sup> In the Department's first interim response letter, we reported a total of 1,914 potentially responsive pages; however, this was a typo and the total number of potentially responsive pages is 2,250. In the first interim response 534 were reviewed for responsiveness, for the second interim response 487 pages were reviewed for responsiveness, for this third interim response 561 pages were reviewed for responsiveness, and 668 pages are remaining for responsiveness review.

public scrutiny of the individuals and the need to justify in public their tentative opinions. Exemption 6 pertains to information the release of which would constitute a clearly unwarranted invasion of the personal privacy of third parties. The interest of the general public in reviewing these portions of government documents does not outweigh the individuals' right to privacy.

I have also determined that 10 pages should be withheld in full pursuant to Exemption 5 of the FOIA. These pages are protected under the deliberative process privilege. Specifically, these pages include a draft of a Chief of Staff report and drafts of the Secretary's briefing materials.

Please note that the enclosed pages also contain records that are not responsive to your request. Our search returned responsive material and information, some of which was found in document compilations covering multiple, unrelated topics.<sup>2</sup> Those records have not been processed and are marked accordingly. Additionally, some of the enclosed records contain highlighting which were present on the records as located, and were not made pursuant to our review process unless there is a corresponding FOIA exemption designation.

I am the official responsible for this determination. For your information, your FOIA request, including your identity and any information made available, is releasable to the public under subsequent FOIA requests. In responding to these requests, the Department does not release personal information, such as home address, telephone number, or Social Security number, all of which are protected from disclosure under FOIA Exemption 6.

If you have questions regarding your request, please contact Assistant United States Attorney Marina Utgoff Braswell at (202) 252-2561.

Sincerely,



Deborah Snowden  
Deputy Chief FOIA Officer  
FOIA Branch  
Office of the Executive Secretariat

Enclosures

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<sup>2</sup> I am relying on my knowledge of HUD's documents and guidance from the Department of Justice's Office of Information Policy, and have determined that "it is appropriate to divide a document [covering multiple, unrelated topics] into discrete 'records.'" (DOJ, OIP Guidance: Determining the Scope of a FOIA Request, <https://www.justice.gov/oip/blog/foia-update-oip-guidance-determining-scope-foia-request>).

**From:** Sullivan, Brian E  
**Sent:** 27 Feb 2017 17:15:53 +0000  
**To:** Gruson, Barbara  
**Subject:** Forbes Magazine on Starrett City

Barbara...got this request about an hour again.

Brian Sullivan  
HUD's Office of Public Affairs  
202-402-7527  
Twitter: @SullyatDC

---

**From:** Sullivan, Brian E  
**Sent:** Monday, February 27, 2017 11:52 AM  
**To:** Golrick, Janet M <Janet.M.Golrick@hud.gov>  
**Cc:** Brown, Jereon M <Jereon.M.Brown@hud.gov>  
**Subject:** Forbes Magazine on Starrett City

Hi Janet (and Sully and Arden),

Forbes Magazine is looking into President Trump's financial interest in Starrett City in Brooklyn. I believe there's a HAP agreement in place until 2029 (?) and there may be a Section 236 mortgage in place. Whom do you suggest I work with to get a full itemization of HUD's involvement in this development? Dan Sullivan/Arden Sokolow?

The Washington Post asked us several questions about this more than a month ago...here's what they wrote:

“...Take Trump's share in Starrett City, a complex of 46 low-income apartment towers spread over 140 acres in Brooklyn closely regulated by HUD.

Trump, who once called the property “one of the best investments I ever made,” reported last year that his 4- percent share in the complex was worth up to \$25 million and brought in up to \$5 million each year.

The Trump administration will face a decision in 2020 that could directly affect how much he makes from the investment in the future. That will happen when HUD, likely to be headed by Trump rival-turned-supporter Ben Carson, will negotiate renewal of a loan subsidy program that reduces investors' mortgage interest payments. Spokesmen for HUD and the property owners did not respond to requests for information about the



value of this subsidy. Advocates for low-income housing have argued that government subsidies have made ownership of low-income housing highly profitable.

Another potential boost for Trump's revenue could come if HUD reverses a 2007 decision in which the agency blocked owners from selling the property as Brooklyn's real estate market boomed.

Trump clashed at the time with Sen. Charles E. Schumer (D-N.Y.) and other opponents of the sale, who accused owners of seeking to make money at the expense of poor tenants. "You can't stop free enterprise," Trump told the New York Daily News. "This is not Communist China."

In addition to HUD approval, a sale would likely require the blessing of New York officials who forged an agreement with investors and Schumer after the 2007 fight to keep Starrett City as a housing site for middle- and low-income families for years into the future.

Under questioning from Democratic senators last week during his confirmation hearing, Carson committed to inform the Senate Banking Committee of all future decisions related to Trump properties.

Sen. Sherrod Brown (D-Ohio), a member of the committee, told The Washington Post that Carson's response was not enough and that the Trump family should sell its stakes in Starrett City and any other HUD-assisted property it owns."

Brian Sullivan  
HUD's Office of Public Affairs  
202-402-7527  
Twitter: @SullyatDC

### **Starrett City owners in talks to refinance complex**

New debt package would replace existing \$531M financing originated in 2009


*November 30, 2016 05:00PM*

*By Mark Maurer and Adam Pincus*

Spring Creek Towers, formerly known as Starrett City, in Brooklyn (credit: Spring Creek Towers)

The owners of Starrett City are negotiating with four major banks to refinance the complex, which is the largest federally subsidized residential rental property in the U.S., *The Real Deal* has learned.

The loan for the 46-building, 5,881-unit complex at Brooklyn's East New York-Canarsie border would replace the existing \$531 million Freddie Mac financing originated by Wells Fargo in 2009. The existing debt, which is expected to carry a principal balance of about \$325 million, on the complex expires in late 2019.

The ownership — a group of investors led by the family of the late Disque Deane — hired CBRE's  Todd Trehubenko to market the refinancing opportunity and has begun meeting with prospective lenders, including Wells Fargo. Starrett City Associates' Curt Deane, nephew to Disque Deane, confirmed the refinancing plans, but declined to identify the banks. Deane also denied rumors that the owners were considering selling it off-market, saying there is no interest in that. He added he was unsure of the complex's current value, though the owners are in the process of determining it.

Sources told *TRD* the complex's value today is closer to \$700 million or \$800 million — a drop from its billion-dollar-plus price tag of the mid-2000s, when the market was at its peak.

David Bistricher's Clipper Equity sought to buy Starrett City in 2007 in a \$1.3 billion bid, but tenant groups and city officials blocked the purchase amid concerns the apartments would become less affordable. The owners spent the next two years trying to sell it, but ultimately took it off the market. That same year, they obtained the 10-year refinancing, as brokered by Trehubenko, who was then the president of Boston-based CAS Financial Advisory Services. As part of the financing, seven undeveloped parcels of land at the complex were released from housing regulations, allowing for them to be sold or developed, documents show.

Also in 2009, they struck a deal to extend the affordability under the state's Mitchell-Lama affordable housing program until at least 2039.

In 2010, Disque Deane, who had led the development and ownership of Starrett City, died at age 89. His wife Carol and other family members took control of the business.

When the complex opened in 1974, there were more than 200 limited partners. That number has dropped to around 150 limited partners, as several have died or sold their interests over the years.

In a rare occurrence at Starrett City, a few companies — including hedge funds — began buying limited partner interests from longtime equity partners who wanted out, said Curt Deane. Over the past year, five limited partnership interests have been acquired, added Deane, who declined to identify the companies.

“Some of the oldest investors got tired of paying phantom loans through law firms, so they did transactions,” Deane said.

Among Starrett City's many investors is President-elect Donald Trump, who disclosed in his financial filings for his presidential run that he holds a 4 percent interest in two entities with an ownership stake.

The complex, which was renamed Spring Creek Towers in 2002 but is still commonly known as Starrett City, spans 153 acres. Its boundaries, from north to south, are Flatlands Avenue and Jamaica Bay.

It has been the subject of several lawsuits over the years, including one from last year accusing the owners of illegally barring families intending to lease apartments with rent voucher from Mayor de Blasio's Living in Communities Rental Assistance (LINC) program.



**From:** Patton, Lynne M  
**Sent:** 6 Jul 2017 20:41:23 +0000  
**To:** McNally, Charles E  
**Cc:** Gruson, Barbara;Orriols, Mirza;Alvarez, Olga R  
**Subject:** Re: Lynne Patton interview?  
**Attachments:** image001.png

If it doesn't have anything to do with my appointment (which this doesn't) I would rather never involve HQ in our press decisions. Let's draft a statement ourselves - if we even decide to use it. Happy to review it in the morning.

Lynne M. Patton  
Regional Administrator, Region II  
& Senior Advisor to Secretary Carson  
U.S. Department of Housing & Urban Development  
(212) 542-7100  
[lynne.m.patton@hud.gov](mailto:lynne.m.patton@hud.gov)

On Jul 6, 2017, at 4:33 PM, McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)> wrote:

At this point, Jerry has been forwarding requests to me. Happy to reach out to them for a statement if that's helpful.

---

**From:** "Gruson, Barbara" <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Date:** Thursday, July 6, 2017 at 4:24 PM  
**To:** "McNally, Charles E" <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>, "Patton, Lynne M" <[Lynne.M.Patton@hud.gov](mailto:Lynne.M.Patton@hud.gov)>, "Orriols, Mirza" <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>, "Alvarez, Olga R" <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>  
**Subject:** RE: Lynne Patton interview?

Hi Charles,  
Are you still forwarding all media requests to HQ? Perhaps we should have them provide a statement regarding Lynne's involvement, if any at all, with Starett City.

<image001.png>

*Barbara K. Gruson*

Advisor to the Regional Administrator  
Region II, New York, New Jersey

U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)  
<https://twitter.com/BarbGrusonHUD>



---

**From:** McNally, Charles E  
**Sent:** Thursday, July 06, 2017 3:54 PM  
**To:** Patton, Lynne M <[Lynne.M.Patton@hud.gov](mailto:Lynne.M.Patton@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>; Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>  
**Subject:** FW: Lynne Patton interview?

Interview request from ABC about Starrett City. I would suggest (b)(5) Deliberative Privilege (b)(5) Deliberative Privilege.

---

**From:** "Mosk, Matthew" <[Matthew.Mosk@abc.com](mailto:Matthew.Mosk@abc.com)>  
**Date:** Thursday, July 6, 2017 at 3:52 PM  
**To:** "McNally, Charles E" <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Subject:** Lynne Patton interview?

Charles –

I am a producer with ABC News. We are interested in doing a report for Good Morning America and World News on Starrett City and the role Lynne Patton will play in overseeing it.

The context of this is the Trump fractional ownership of the housing development, and what steps Ms. Patton will take – if any -- to insure it won't receive special treatment because of the president's financial interest.

Would she be available for an interview in the next week or two?

Many thanks,

Matthew

----

Matthew Mosk  
Senior Producer, ABC News Investigations  
Washington Bureau  
[matthew.mosk@abc.com](mailto:matthew.mosk@abc.com)  
c. (b)(6)



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**From:** Gruson, Barbara  
**Sent:** Friday, July 07, 2017 9:39 AM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Subject:** RE: Lynne Patton interview?

I think the ABC Draft statement is perfect. Please wait for her to confirm before you forward it to the producer.

I'm not sure if the Red Cross will provide the information but the reporter should try reaching out to them.



**Barbara K. Gruson**  
Advisor to the Regional Administrator  
Region II, New York, New Jersey  
U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278  
O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)  
<https://twitter.com/BarbGrusonHUD>

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**From:** McNally, Charles E  
**Sent:** Friday, July 07, 2017 9:30 AM  
**To:** Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Subject:** RE: Lynne Patton interview?

Just sent the ABC draft statement. I haven't yet sent the Section 3 statement as I was waiting on the Red Cross issue. If we direct the reporter there, do we know that they will be able to confirm Lynne's volunteer service?

---

**From:** Gruson, Barbara  
**Sent:** Friday, July 07, 2017 8:43 AM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Subject:** RE: Lynne Patton interview?

Hi Charles,  
Can you please draft a statement for ABC News regarding the involvement Lynne will have, if any at all, with Starett City? I'm not sure who you need to reach out to find out.

Also, Lynne said the Daily News reporter should reach out to the Red Cross for confirmation? Did you forward the statement regarding Section 3?

Thanks,



**Barbara K. Gruson**

Advisor to the Regional Administrator

Region II, New York, New Jersey

U.S. Department of Housing and Urban Development

26 Federal Plaza

New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)

<https://twitter.com/BarbGrusonHUD>

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**From:** McNally, Charles E

**Sent:** Thursday, July 06, 2017 4:34 PM

**To:** Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>; Patton, Lynne M <[Lynne.M.Patton@hud.gov](mailto:Lynne.M.Patton@hud.gov)>;  
Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>

**Subject:** Re: Lynne Patton interview?

At this point, Jerry has been forwarding requests to me. Happy to reach out to them for a statement if that's helpful.

---

**From:** "Gruson, Barbara" <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>

**Date:** Thursday, July 6, 2017 at 4:24 PM

**To:** "McNally, Charles E" <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>, "Patton, Lynne M" <[Lynne.M.Patton@hud.gov](mailto:Lynne.M.Patton@hud.gov)>, "Orriols, Mirza" <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>, "Alvarez, Olga R" <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>

**Subject:** RE: Lynne Patton interview?

Hi Charles,

Are you still forwarding all media requests to HQ? Perhaps we should have them provide a statement regarding Lynne's involvement, if any at all, with Starett City.



**Barbara K. Gruson**

Advisor to the Regional Administrator

Region II, New York, New Jersey

U.S. Department of Housing and Urban Development

26 Federal Plaza

New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)

<https://twitter.com/BarbGrusonHUD>

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**From:** McNally, Charles E

**Sent:** Thursday, July 06, 2017 3:54 PM

**To:** Patton, Lynne M <[Lynne.M.Patton@hud.gov](mailto:Lynne.M.Patton@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>; Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>

**Subject:** FW: Lynne Patton interview?

Interview request from ABC about Starrett City. I would suggest (b)(5) Deliberative Privilege

(b)(5)

Deliberative

---

**From:** "Mosk, Matthew" <[Matthew.Mosk@abc.com](mailto:Matthew.Mosk@abc.com)>

**Date:** Thursday, July 6, 2017 at 3:52 PM

**To:** "McNally, Charles E" <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>

**Subject:** Lynne Patton interview?

Charles –

I am a producer with ABC News. We are interested in doing a report for Good Morning America and World News on Starrett City and the role Lynne Patton will play in overseeing it.

The context of this is the Trump fractional ownership of the housing development, and what steps Ms. Patton will take – if any -- to insure it won't receive special treatment because of the president's financial interest.

Would she be available for an interview in the next week or two?

Many thanks,

Matthew

----

Matthew Mosk

Senior Producer, ABC News Investigations

Washington Bureau

[matthew.mosk@abc.com](mailto:matthew.mosk@abc.com)

c. (b)(6)



**From:** Patton, Lynne M  
**Sent:** 12 Jul 2017 17:24:41 +0000  
**To:** Orriols, Mirza  
**Cc:** McNally, Charles E; Alvarez, Olga R; Murphy, Stephen E; Gruson, Barbara  
**Subject:** RE: spoke to Jerry Brown

Can we just make the below grammatical change:

Inspections and financial reviews of Starrett City will be conducted with exactly the same standards and due diligence as the rest of HUD's portfolio. Moreover, while Regional Administrators are not involved in the day-to-day oversight of HUD-assisted properties that fall under the jurisdiction of HUD's Office of Multifamily Housing, Regional Administrator Patton has elected to recuse herself from any/all policy issues and decisions that may emerge that relate specifically to Starrett City to avoid any perception of impropriety or conflict.

---

**From:** Orriols, Mirza  
**Sent:** Wednesday, July 12, 2017 12:35 PM  
**To:** Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Cc:** McNally, Charles E <Charles.E.McNally@hud.gov>; Alvarez, Olga R <Olga.R.Alvarez@hud.gov>; Murphy, Stephen E <Stephen.E.Murphy@hud.gov>; Gruson, Barbara <Barbara.Gruson@hud.gov>; Orriols, Mirza <Mirza.Orriols@hud.gov>  
**Subject:** spoke to Jerry Brown

Told him we were releasing your quote on Starrett City today and he said that was fine.

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)



**From:** McNally, Charles E  
**Sent:** 12 Jul 2017 20:49:28 +0000  
**To:** Patton, Lynne M  
**Cc:** Orriols, Mirza;Gruson, Barbara;Murphy, Stephen E;Alvarez, Olga R  
**Subject:** Region II Weekly Report FINAL 7-12-17.docx  
**Attachments:** Region II Weekly Report FINAL 7-12-17.docx

Attached.



# New York Regional Office Report

July 12, 2017



## New York Regional Office: Regional Administrator Lynne Patton

### Hot Issues

- The office received several media inquiries regarding Congressional oversight of Starrett City and potential conflicts of interest given the President's ownership stake in the property. The New York Times requested information regarding the dollar value of the 236 Interest Rate Reduction, and ABC News requested an interview with Lynne Patton.

- Non Responsive Record

Non Responsive Record

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- Non Responsive Record

- Non Responsive Record



**From:** Cahill, John J  
**Sent:** 12 Jul 2017 20:50:30 +0000  
**To:** McNally, Charles E; Orriols, Mirza; Patton, Lynne M; Gruson, Barbara; Alvarez, Olga R; Murphy, Stephen E  
**Subject:** RE: Starrett City Recusal

Mirza should keep it.

---

**From:** McNally, Charles E  
**Sent:** Wednesday, July 12, 2017 4:46 PM  
**To:** Cahill, John J <john.j.cahill@hud.gov>; Orriols, Mirza <Mirza.Orriols@hud.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>; Gruson, Barbara <Barbara.Gruson@hud.gov>; Alvarez, Olga R <Olga.R.Alvarez@hud.gov>; Murphy, Stephen E <Stephen.E.Murphy@hud.gov>  
**Subject:** Starrett City Recusal

Attached is a scanned copy of the Starrett City recusal. John do you need the original for the file?



**From:** Gruson, Barbara  
**Sent:** 14 Jul 2017 22:25:07 +0000  
**To:** Murphy, Stephen E  
**Subject:** RE: Greg Smith FOIA - heads up

Hi Stephen,  
FYI- I, too, am recusing myself from any official matters pertaining to Starrett City. I drafted a statement for Mirza that is being reviewed by HQ.



**Barbara K. Gruson**  
Advisor to the Regional Administrator  
Region II, New York, New Jersey  
U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278  
O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)  
<https://twitter.com/BarbGrusonHUD>

---

**From:** Murphy, Stephen E  
**Sent:** Friday, July 14, 2017 4:29 PM  
**To:** Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Subject:** FW: Greg Smith FOIA - heads up  
**Importance:** High

FYI – Just to keep you in the loop on this separate FOIA response to Greg Smith.....

Stephen E. Murphy  
Senior Advisor  
Office of the Regional Administrator  
Region II – New York & New Jersey  
U.S. Department of Housing & Urban Development  
(212) 542-7111

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---

**From:** Glantz, Adam  
**Sent:** Thursday, July 13, 2017 10:21 AM  
**To:** Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Murphy, Stephen E <[Stephen.E.Murphy@hud.gov](mailto:Stephen.E.Murphy@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>; Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>

**Subject:** Greg Smith FOIA - heads up  
**Importance:** High

FYI....our FOIA response to Greg Smith will probably go out today or tomorrow. Thanks, adam

---

**From:** Cestaro, Maria  
**Sent:** Wednesday, July 12, 2017 5:12 PM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Cc:** Glantz, Adam <[adam.glantz@hud.gov](mailto:adam.glantz@hud.gov)>  
**Subject:** Greg Smith FOIA - heads up  
**Importance:** High

Hi Charlie,

FOIA Number: 17-FI-RO2-01443

You may already know, but on June 22 Greg Smith of NY Daily News sent in a FOIA request regarding Starrett City, requesting "a copy of the Housing Assistance Payments Contract dated December 2009." Our response letter with the requested HAP contract will be sent out to him this week.

-Maria

*Maria Cestaro  
Senior Management Analyst  
U.S. Department of Housing and Urban Development  
Office of Field Policy and Management  
26 Federal Plaza (Rm. 3541)  
New York, NY 10278  
phone: 212-542-7537  
fax: 212-264-2780*

**From:** Gruson, Barbara  
**Sent:** 17 Jul 2017 16:38:45 +0000  
**To:** Allen, Lindsey A  
**Subject:** RE: Conflict of Interest Disqualification

Thank you, Lindsey. I will email John directly.

Regards,



*Barbara K. Gruson*

Advisor to the Regional Administrator

Region II, New York, New Jersey

U.S. Department of Housing and Urban Development

26 Federal Plaza

New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)

<https://twitter.com/BarbGrusonHUD>

---

**From:** Allen, Lindsey A  
**Sent:** Monday, July 17, 2017 10:07 AM  
**To:** Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Cc:** Cahill, John J <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>  
**Subject:** RE: Conflict of Interest Disqualification

Hi Barbara – This looks fine to me. I've cc'd John Cahill, Regional Counsel in Region II as he is your main contact for ethics related issue. Thanks.

*Lindsey Allen*

*Assistant General Counsel, Ethics and Appeals Division*

*Office of General Counsel*

*US Dept. of Housing and Urban Development*

*Tel: 202-402-2736*

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**From:** Gruson, Barbara  
**Sent:** Friday, July 14, 2017 6:22 PM

**To:** Allen, Lindsey A <[Lindsey.A.Allen@hud.gov](mailto:Lindsey.A.Allen@hud.gov)>

**Subject:** Conflict of Interest Disqualification

Hi Lindsey,

I hope this email finds you well. I, too, would like to recuse myself from any official matters pertaining to Starrett City. I have revised and attached Lynne's statement. Would you mind reviewing it next week for me? Thanks and have a wonderful weekend!



*Barbara K. Gruson*

Advisor to the Regional Administrator

Region II, New York, New Jersey

U.S. Department of Housing and Urban Development

26 Federal Plaza

New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)

<https://twitter.com/BarbGrusonHUD>



**From:** Gruson, Barbara  
**Sent:** 17 Jul 2017 16:42:09 +0000  
**To:** Cahill, John J  
**Subject:** FW: Conflict of Interest Disqualification  
**Attachments:** Conflict of Interest Disqualification .docx

Hi John,

I hope you had a great weekend. Please see the attached statement that I have revised. I, too, would like to recuse myself from any official matters pertaining to Starrett City. Is there anything else I should add? I plan to give Mirza a signed copy today.

Thank you,



*Barbara K. Gruson*

Advisor to the Regional Administrator

Region II, New York, New Jersey

U.S. Department of Housing and Urban Development

26 Federal Plaza

New York, NY 10278

O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)

<https://twitter.com/BarbGrusonHUD>

---

**From:** Allen, Lindsey A  
**Sent:** Monday, July 17, 2017 10:07 AM  
**To:** Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Cc:** Cahill, John J <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>  
**Subject:** RE: Conflict of Interest Disqualification

Hi Barbara – This looks fine to me. I've cc'd John Cahill, Regional Counsel in Region II as he is your main contact for ethics related issue. Thanks.

*Lindsey Allen*

*Assistant General Counsel, Ethics and Appeals Division*

*Office of General Counsel*

*US Dept. of Housing and Urban Development*

*Tel: 202-402-2736*

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**From:** Gruson, Barbara  
**Sent:** Friday, July 14, 2017 6:22 PM  
**To:** Allen, Lindsey A <[Lindsey.A.Allen@hud.gov](mailto:Lindsey.A.Allen@hud.gov)>  
**Subject:** Conflict of Interest Disqualification

Hi Lindsey,  
I hope this email finds you well. I, too, would like to recuse myself from any official matters pertaining to Starrett City. I have revised and attached Lynne's statement. Would you mind reviewing it next week for me? Thanks and have a wonderful weekend!



**Barbara K. Gruson**  
Advisor to the Regional Administrator  
Region II, New York, New Jersey  
U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278  
O: (212) 542-7342 | C: (b)(6) | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)  
<https://twitter.com/BarbGrusonHUD>



**U.S. Department of Housing and  
Urban Development**

New York State Office  
Jacob K. Javits Federal Building  
26 Federal Plaza  
New York, New York 10278-0068

Date: July 14, 2017

**MEMORANDUM FOR:** Mirza Orriols, Deputy Regional Administrator, 2AMA

**From:** Barbara Gruson, Advisor to the Regional Administrator

**SUBJECT:** Conflict of Interest Disqualification

This is to notify you that I have recused myself from participating in certain official matters as described below. I take this action in an abundance of caution to avoid any apparent violation of law or ethics regulations in accordance with the Government-wide Standards of Ethical Conduct regulation at 5 C.F.R.2635.101(b)(14), 2635.502, and 2635.702(d).

Effective immediately, I am disqualifying myself from personal participation in any matter having to do specifically with the Starrett City, including decisions, meetings, correspondence, memoranda, and telephone calls, should be referred to you and handled appropriately without being brought to my attention. My name should not appear on any documents pertaining to such matters.

If you should have any questions as to the applicability of this memorandum to any particular situation, please contact John Cahill, Regional Counsel for New York/New Jersey.

I appreciate your cooperation.

cc:

Ethics Law Division  
Room 2130

**From:** Glantz, Adam  
**Sent:** 21 Jul 2017 13:17:48 +0000  
**To:** Gruson, Barbara  
**Subject:** RE: Greg Smith's follow-up inquiry about Starrett City

Ok, thanks for the heads up, I didn't know

Adam Glantz  
U.S Dept. of Housing and Urban Development  
Senior Management Analyst - Region II  
26 Federal Plaza - Room 3541  
New York, NY 10278

---

TELEPHONE: (212) 264-1100  
CELL: (b)(6)  
FAX: (212) 264-0246

ADAM.GLANTZ@HUD.GOV

HUD Region II is now on Twitter. Follow us @HUDNY\_NJ

-----Original Message-----

From: Gruson, Barbara  
Sent: Friday, July 21, 2017 9:10 AM  
To: Glantz, Adam <adam.glantz@hud.gov>; Orriols, Mirza <Mirza.Orriols@hud.gov>  
Cc: Murphy, Stephen E <Stephen.E.Murphy@hud.gov>  
Subject: FW: Greg Smith's follow-up inquiry about Starrett City

Hi Adam,  
I, too, have recused myself from any official matters pertaining to Starett City. Please keep me out of the loop. Thanks! :)

Barbara K. Gruson  
Advisor to the Regional Administrator  
Region II, New York, New Jersey  
U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278  
O: (212) 542-7342 | C: (b)(6) | E: Barbara.Gruson@hud.gov  
<https://twitter.com/BarbGrusonHUD>

-----Original Message-----

From: Brown, Jereon M  
Sent: Thursday, July 20, 2017 4:00 PM  
To: Glantz, Adam <adam.glantz@hud.gov>; Sullivan, Brian E <brian.e.sullivan@hud.gov>  
Cc: Orriols, Mirza <Mirza.Orriols@hud.gov>; McNally, Charles E <Charles.E.McNally@hud.gov>; Alvarez, Olga R <Olga.R.Alvarez@hud.gov>; Gruson, Barbara <Barbara.Gruson@hud.gov>; McGirt, Eugene A <Eugene.A.McGirt@hud.gov>; Cestaro, Maria <Maria.Cestaro@hud.gov>  
Subject: RE: Greg Smith's follow-up inquiry about Starrett City



Let's see what Eugene says.

-----Original Message-----

From: Glantz, Adam

Sent: Thursday, July 20, 2017 2:26 PM

To: Brown, Jereon M <Jereon.M.Brown@hud.gov>; Sullivan, Brian E <brian.e.sullivan@hud.gov>

Cc: Orriols, Mirza <Mirza.Orriols@hud.gov>; McNally, Charles E <Charles.E.McNally@hud.gov>;

Alvarez, Olga R <Olga.R.Alvarez@hud.gov>; Gruson, Barbara <Barbara.Gruson@hud.gov>; McGirt,

Eugene A <Eugene.A.McGirt@hud.gov>; Cestaro, Maria <Maria.Cestaro@hud.gov>

Subject: Greg Smith's follow-up inquiry about Starrett City

Hi Jerry, Brian,

In response to Greg's question about whether the Starrett City HAP Contract contained a promise of \$40 million for apartment repairs, our MF Office found the following:

The \$40 million was not part of the HAP Contract requirement, but part of the refinancing plan funded by Wells Fargo. Repair requirement based on the following;

The redevelopment proposal has a re-investment capital repair cost of \$40,000,000.00 (\$6,801.56/unit), required by State Legislation. Repair items include Local Law 11 façade repair, balcony repairs, parking lot repair, window replacement in the sports club, exterior door replacement, zone valves replacement at the power plant, condenser water pump replacement, kitchen cabinets and bathroom vanities in 2,000 units, bench replacement through-out the development and removal of all city building violations. All rehabilitation work is scheduled to begin January 2010, with an anticipated completion date of January 30, 2012.

Do you wish to respond, or do you want us to? Thanks, adam

-----Original Message-----

From: Smith, Greg [mailto:GSmith@nydailynews.com]

Sent: Thursday, July 20, 2017 11:10 AM

To: Brown, Jereon M <Jereon.M.Brown@hud.gov>; Sullivan, Brian E <brian.e.sullivan@hud.gov>

Subject: FW: WESTCHESTER AI SETTLEMENT

FYI attached is Westchester County's version of events. Note the phrase "HUD Capitulated" and Astorino's claim that the settlement shows the county does not have exclusionary zoning.

Meanwhile in Starrett City, I FOIAed for a document related to the Starrett City refinancing approved by HUD in 2009. The document is the Housing Assistance Payments Contract dated December 2009. As part of the 2009 re-fi, Starrett City had to agree to spend \$40 million going forward to upgrade apartments. I don't see that \$40 million promise in the document I was given via FOIA. Any idea what document that would be so I can request it? Thanks.

**From:** Orriols, Mirza  
**Sent:** 27 Jul 2017 17:51:03 +0000  
**To:** Gruson, Barbara  
**Subject:** FW: Weekly Report 7-26-17  
**Attachments:** Region II Weekly Report DRAFT 7-26-17.docx

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)



---

**From:** Orriols, Mirza  
**Sent:** Wednesday, July 26, 2017 8:24 AM  
**To:** Beckles, Angela L <Angela.L.Beckles@hud.gov>  
**Cc:** Portia R Hemphill (Portia.R.Hemphill@hud.gov) <Portia.R.Hemphill@hud.gov>; Orriols, Mirza <Mirza.Orriols@hud.gov>  
**Subject:** Weekly Report 7-26-17

Good morning Angela! Attached is our report.

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)





# New York Regional Office Report

July 26, 2017



## New York Regional Office: Regional Administrator Lynne Patton

### Hot Issues

- The office received several media inquiries regarding Congressional oversight of Starrett City and potential conflicts of interest given the President's ownership stake in the property. The New York Times requested information regarding the dollar value of the 236 Interest Rate Reduction, and ABC News requested an interview with Lynne Patton.

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**From:** Alvarez, Olga R  
**Sent:** 7 Sep 2017 13:47:14 +0000  
**To:** Gruson, Barbara  
**Subject:** RE: Sale of Brooklyn Housing Complex Would Benefit Trump (NY Times, 09-06-17)

This is for your information, if you don't want me to send any information on Starrett City I won't do that.

-----Original Message-----

From: Gruson, Barbara  
Sent: Thursday, September 07, 2017 9:45 AM  
To: Alvarez, Olga R <Olga.R.Alvarez@hud.gov>  
Subject: RE: Sale of Brooklyn Housing Complex Would Benefit Trump (NY Times, 09-06-17)

Lynne and I have recused ourselves of all matters pertaining to Starrett City.

Barbara K. Gruson  
Advisor to the Regional Administrator  
Region II, New York, New Jersey  
U.S. Department of Housing and Urban Development  
26 Federal Plaza  
New York, NY 10278  
O: (212) 542-7342 | C: (b)(6) | E: Barbara.Gruson@hud.gov  
<https://twitter.com/BarbGrusonHUD>

-----Original Message-----

From: Alvarez, Olga R  
Sent: Thursday, September 07, 2017 9:44 AM  
To: Patton, Lynne M <Lynne.M.Patton@hud.gov>; SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; Murphy, Stephen E <Stephen.E.Murphy@hud.gov>; McNally, Charles E <Charles.E.McNally@hud.gov>  
Cc: Gruson, Barbara <Barbara.Gruson@hud.gov>  
Subject: Sale of Brooklyn Housing Complex Would Benefit Trump (NY Times, 09-06-17)

Sale of Brooklyn Housing Complex Would Benefit Trump New York Times, By CHARLES V. BAGLI  
SEPT. 6, 2017 <https://www.nytimes.com/2017/09/06/nyregion/starrett-city-housing-complex-trump-sale.html>

Starrett City sits on 145 acres between the East New York and Canarsie neighborhoods. The complex's longtime owners plan to sell the development for more than \$850 million. Credit Johnny Milano for The New York Times The longtime owners of Starrett City, the sprawling Brooklyn housing complex overlooking Jamaica Bay, are selling the development for more than \$850 million, and among those who stand to benefit is President Trump, a partial owner.

Starrett City is the largest federally subsidized housing development in the country, and the sale will require the approval of the federal Department of Housing and Urban Development and state housing officials, raising potential conflicts of interest for Mr. Trump and his family. Mr. Trump owns a 4 percent stake in the complex, according to his federal financial disclosure forms; other members of the Trump family also own stakes in the partnership.

The buyer is a joint venture of the Brooksville Company, a recently formed residential real estate firm, and Rockpoint Group, a private equity firm that invests in real estate. The pending deal, which is expected to close early next year, was announced to tenants, employees and elected officials on Wednesday.



Representatives Hakeem Jeffries, whose district includes Starrett City, and Elijah E. Cummings, a member of the House Committee on Oversight and Government Reform, highlighted the potential conflict of interest in July when rumors circulated in New York that Starrett City would be refinanced.

"The president is on both sides of the negotiation - he oversees the government entity providing taxpayer funds and he pockets some of that money himself," they wrote in a July 7 letter to the Donald J. Trump Trust, which holds the president's business interests, and Ben Carson, secretary of the Department of Housing and Urban Development.

Mr. Trump's share of the proceeds - after the partners pay off their mortgage, transfer taxes and other transaction costs - could be about \$14 million, according to real estate executives familiar with the details who spoke anonymously because they have no authority to disclose them.

Carol Deane, the managing partner for the sellers, Starrett City Associates, said that the sales agreement "provides stability for our residents, and guarantees their apartments will remain affordable for many years to come." Under previous agreements with the state and federal governments, the owner of Starrett City is locked into rent-regulated housing programs for at least another 22 years.

Andrew MacArthur, the founder of Brooksville, said that he and Rockpoint were "committed to preserving the original vision of the complex as stable, quality affordable housing."

Starrett City housing in 1974, when there were separate waiting lists for black and white tenants. Today, the complex is one of the most integrated in the city. Credit Barton Silverman/The New York Times Providing affordable housing in a city where rents have climbed outside the reach of many has been a major focus of both Mayor Bill de Blasio and Gov. Andrew M. Cuomo who have struggled to keep pace with the loss of units converted to market-rate rents.

Everything about Starrett City is supersized. It sits on 145 acres between the East New York and Canarsie neighborhoods, with 5,881 apartments in 46 buildings and 15,000 residents, as well as its own power plant, schools, shopping center, houses of worship and ZIP code.

All of the apartments are rent regulated for low, moderate- and middle-income tenants. In 2016, HUD provided the owners of Starrett City with nearly \$80 million in rent subsidies and a tax break worth more than \$16 million.

Starrett City rose on the site of a landfill in the early 1970s and it was originally designed as a union-sponsored housing cooperative called Twin Pines Village.

With rising costs and a weak economy, the unions asked Starrett Housing Corp., a private real estate company, to take over construction.

Disque Deane, an irascible real estate investor who kept a stuffed white Alaskan timber wolf in his office, led the partnership that owned the complex.

"They put together a group of investors, 200 if I recall, of the richest people in the country, including Trump's father," said Robert C. Rosenberg, a former city housing commissioner who later ran Starrett City for many years.

President Trump's father, Fred, acquired as much as a 20 percent stake. His interest was later split among his children and several corporate entities.

The investors collectively put in \$22 million, or roughly 6 percent of the \$382 million cost of building the project. The state housing agency provided \$360 million in financing. The investors benefited from existing tax laws that allowed them to use losses at one project to shield profits from other investments from taxes.

At the same time, the complex also participated in a variety of housing programs, including Section 8, under which tenants pay 30 percent of their income with the government subsidizing the rest of the rent. The government, in turn, set a 6 percent cap on profits.

"I generated so many tax losses for them that they did better than any other tax shelter in the history of America," Mr. Rosenberg said. "Because of Section 8, I had enough money to keep the place in good shape."

In a 2007 interview, Donald J. Trump called Starrett City "probably the greatest tax shelter ever made."

The complex opened in 1974 in a city wracked by racial tension and fiscal and economic distress. Starrett promised the city that 70 percent of the tenants would be white and 30 percent minority and maintained separate waiting lists to ensure those goals.

Advertisements for Starrett City at the time offered an "invitation to better living," with "amazingly low rentals" - \$275 for a two-bedroom with a balcony and a "magnificent \$3,500,000 pleasure dome," or sports center.

The Open Housing Center challenged the quotas in court in 1979, resulting in a settlement in 1984, but no major changes to the waiting lists. A subsequent lawsuit forced the creation of a single waiting list for all applicants.

According to census data, almost half the residents today are black, a quarter are white, 21.8 percent are Hispanic and about 3 percent are Asian.

Starrett City, also known as Spring Creek Towers, is the largest federally subsidized housing development in the country. Credit Johnny Milano for The New York Times The complex was renamed Spring Creek Towers several years ago but few residents call it that.

At the height of the debt-fueled real estate boom in 2006, major real estate investors bought meat-and-potatoes housing that they had once ignored like Stuyvesant Town-Peter Cooper Village on the East Side of Manhattan and the Riverton Houses in Harlem.

They often paid exorbitant prices with cheap money from Wall Street and invested little equity. Often the new owners' plan was to oust long-term, rent-regulated residents in favor of new tenants willing and able to pay higher rents. But many of the deals collapsed under the weight of enormous debts.

In 2007, Starrett City Associates sought to sell the complex to a partnership led by David Bistricher, who owned thousands of units across the city, for \$1.3 billion. The partnership planned to convert the complex to market rate housing.

But city, state and federal officials blocked the deal, saying Mr. Bistricher was unfit because of his long record of clashing with tenants. In 1998, the state attorney general barred Mr. Bistricher for life from selling condominiums and co-ops because of financial improprieties, although the order was later modified.

Starrett City Associates refinanced the complex instead in 2009, allowing the partners to pocket \$250 million in profit, while setting aside about \$40 million for repairs and improvements. The owners in turn committed to maintaining the complex as affordable housing.

On Wednesday, elected officials, including RuthAnne Visnauskas, commissioner of New York State Homes and Community Renewal, largely took a wait-and-see approach to the sale, though Senator Chuck Schumer, a Democrat, said that he will be "watching like a hawk to make sure any new owner follows every iota" of the 2009 agreement on affordability.

But Assemblyman Charles Barron was dismayed. He said it was a "gross miscarriage of economic justice" that President Trump would profit from the sale. He was also concerned about the tenants. "We shouldn't



do this without a full vetting by the tenants," Mr. Barron said. "There's going to be a battle on this one."

Brooksville and its financial partner Rockpoint say they will not be under the same financial pressure as buyers were during the last boom because they are putting up more than half of the \$850 million sale price in cash.

Douglas Harmon of Cushman & Wakefield, a real estate company, helped put the deal together for Starrett City Associates. A decade ago, he said the deals were "high wire acquisitions" that were not sustainable investments.

The deals today are very different, Mr. Harmon said. "Their purchase is fueled by low leverage and in this historic low interest rate environment they can be satisfied with boring, bond-like investment returns."

Olga Alvarez

Public Affairs Specialist

U.S. Department of Housing and Urban Development (HUD) Region II - NY & NJ

26 Federal Plaza, New York, NY 10278 (212) 542-7142 (b)(6) olga.r.alvarez@hud.gov

<http://www.hud.gov/> & <http://espanol.hud.gov> Our mission is to create strong , sustainable, inclusive communities and quality, affordable homes for all.

**From:** Glantz, Adam  
**Sent:** 21 Nov 2017 16:08:38 +0000  
**To:** Gruson, Barbara; McNally, Charles E  
**Subject:** Jeffries' Briefing - Word/PDF Files  
**Attachments:** CART\_Long\_Report\_6fa0c82e-c56b-11e7-85d5-005056be057a.pdf, RepHakeemJeffriesbriefing.docx  
**Importance:** High

Hi Barbara, Charles,

I've attached the Jeffries' briefing and the CART report for CD 8, which gives you HUD funding data for this CD. The briefing is as up-to-date as I could get it. Next week, William Harris, Senior Housing Advisor for Jeffries, will be emailing you the agenda for the Breakfast on Dec. 2. The agenda should include the names and titles of the FEMA and NYCHA representatives expected to attend. The Breakfast focuses exclusively on Coney Island Houses. I hope this is helpful, and thanks for picking up the ball in my absence. Best, adam

Adam Glantz  
U.S Dept. of Housing and Urban Development  
Senior Management Analyst – Region II  
26 Federal Plaza - Room 3541  
New York, NY 10278

---

TELEPHONE: (212) 264-1100

CELL: (b)(6)

FAX: (212) 264-0246

[ADAM.GLANTZ@HUD.GOV](mailto:ADAM.GLANTZ@HUD.GOV)

HUD Region II is now on Twitter. Follow us @HUDNY\_NJ





**From:** Murphy, Stephen E on behalf of Patton, Lynne M  
**Sent:** 27 Nov 2017 16:02:21 +0000  
**To:** Murphy, Stephen E; McNally, Charles E; Gruson, Barbara; Alvarez, Olga R  
**Subject:** Prep Meeting for Rep. Jeffries Breakfast

Review talking points

Topics:

- Non Responsive Record
- Starrett City Response
- Non Responsive Record

**From:** Murphy, Stephen E on behalf of Patton, Lynne M  
**Sent:** 27 Nov 2017 16:05:20 +0000  
**To:** Murphy, Stephen E; McNally, Charles E; Gruson, Barbara; Alvarez, Olga R  
**Subject:** Prep Meeting for Rep. Jeffries Breakfast

Review talking points

Topics:

--Non Responsive Record

--Non Responsive Record

--Non Responsive Record

--Starrett City Response

--Non Responsive Record

--Non Responsive Record

Non Responsive Record

**From:** Wade, Dana T  
**Sent:** 18 Apr 2018 01:52:52 +0000  
**To:** Bacon, James A  
**Cc:** Marzol, Adolfo F; Hughes, Andrew  
**Subject:** Agenda attached  
**Attachments:** Office of Housing Update\_4.17.docx

Hi James,

Attached is my brief agenda for tomorrow's meeting with the Secretary.

Thank you!  
Dana



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**WASHINGTON, DC 20410-3000**

**Date:** Wednesday, April 17, 2018  
**To:** Secretary Carson  
**From:** Dana Wade, General Deputy Assistant Secretary, Housing  
**Re:** Weekly meeting

---

**AGENDA**

Non Responsive Record

- Non Responsive Record

-

**Sale of Starrett City**

- Largest Section 8 Multifamily property (over 5,800 total units; over 3,500 Section 8)
- Multifamily NW Regional Office leading negotiation for HUD
- Goals – preserve affordability, ensure property maintenance and repairs completed; align with NY State

Non Responsive Record

- Non Responsive Record

-

Non Responsive  
Record

- Non Responsive Record

-

-



**From:** Costa, Alfonso A  
**Sent:** 17 Jul 2017 19:04:47 +0000  
**To:** Kurtz, R. Hunter  
**Subject:** Unedited COS Report (7.13.17)  
**Attachments:** 7.13.17.COS Report.docx



**Alfonso A. Costa Jr.**

Special Assistant to the Secretary | Office of the Secretary  
U.S. Department of Housing and Urban Development, HQ  
451 7<sup>th</sup> Street, SW, Suite 10214  
Washington, DC 20410

T: (202)402-5556 | C: (b)(6) | E: [alfonso.a.costa@hud.gov](mailto:alfonso.a.costa@hud.gov)

Non Responsive Record

Non Responsive Record

Non Responsive Record

## Region II- New York Regional Office

### Hot Issues

- The office received several media inquiries regarding Congressional oversight of Starrett City and potential conflicts of interest given the President's ownership stake in the property. The New York Times requested information regarding the dollar value of the 236 Interest Rate Reduction, and ABC News requested an interview with Lynne Patton.

- Non Responsive Record

Non Responsive Record

-

**From:** Appleton, Seth D  
**Sent:** 10 Oct 2017 17:52:05 +0000  
**To:** Kurtz, R. Hunter  
**Subject:**  
**Attachments:** Hot topics part II.docx, Hot Topics-Likely Q and A.docx, HFR TPs.docx, Housing Q+A - House Financial Services Committee Hearing - 10.12.17.docx

Likely to come from these qs



Seth D. Appleton  
Acting Assistant Secretary for Congressional and Intergovernmental Relations  
U.S. Department of Housing and Urban Development  
T: (202) 402-5030 | C: (b)(6)  
[Seth.D.Appleton@hud.gov](mailto:Seth.D.Appleton@hud.gov)

**Committee Member Priority/Hot Topics/Likely Questions & Answers**

Non Responsive Record



Non Responsive Record

### **Trouble Properties**

#### **Starrett City/Conflicts of Interest**

**Mr. Secretary, recently it was reported that the ownership group of Starrett City, the country's largest HUD subsidized multi-family development, is selling the property. One of the owners of Starrett City is President Trump. HUD has to approve the sale. Has the President spoken to you about this?**

The President has not spoken to me about this proposed transaction.

**The President stands to profit from this sale. Will you pledge to us that you will block it as a result?**

Starrett City is the largest assisted multi-family development in the country. I think it is critical that we maintain it as an affordable housing option for working families, the elderly, the disabled, and many others who reside there. Career HUD employees will make a determination about the sale after going through a standard process. Our main focus has been and will be the preservation of safe, affordable housing in the community. My understanding is that HUD career staff has conveyed this to congressional offices that have expressed interest in the sale, and we look forward to continuing to update them and

all interested members throughout this process. The Ranking Member's staff have been included in these briefings.

**Do you believe this sale presents a conflict of interest?**

My understanding is that the President owns a small percentage through a partnership. Our main focus should be the preservation of safe, affordable housing for the residents. Our career employees will make the final decision on this just as they would with any other transaction of this nature. My understanding is that HUD career staff has conveyed this to congressional offices that have expressed interest in the sale, and we look forward to continuing to update them and all interested members throughout this process.

**Does it trouble you that Lynne Patton, a former employee of the Trump family, may be in a position to make a decision regarding this transaction as HUD's Regional Administration in New York?**

Regional Administrator Patton has recused herself from this transaction. HUD career staff will make this determination, as they would in any other transaction. We have briefed interested congressional offices on this process, including the Ranking Member's staff.

Non Responsive Record



# Office of Multifamily Housing Programs

# DAS Hot Issues

- Starrett City Sale pending for nation's largest Section 8 property  
FY 2018 and 2019 Budgets  
Insufficient FY 18 funding from Congress may create funding shortfalls with contract renewals  
Rent Reform  
Staffing Below Multifamily for Tomorrow reorganization staffing model  
Recent Disasters (information on next slide)



**From:** Gormley, Joseph M  
**Sent:** 26 Feb 2018 21:45:55 +0000  
**To:** Tasca, Charles P;Marshall, Michael J  
**Cc:** Olin, Paul M  
**Subject:** FW: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018  
**Attachments:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018.docx

Chuck and Mike,

Can you guys review the attached briefing materials for the Secretary and get us back any comments by tomorrow afternoon? It might be a little rough, but I want to make sure we have all the key topics covered.

Thank you,

Joe

---

**From:** Olin, Paul M  
**Sent:** Monday, February 26, 2018 3:54 PM  
**To:** Gormley, Joseph M <Joseph.M.Gormley@hud.gov>  
**Subject:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018

Joe,

Here is the information compiled into one consistent format. I pulled out any information that seemed outdated or redundant. Please advise on next steps. There is a lot of room to make the language more concise / reader friendly.

Paul

**From:** Olin, Paul M  
**Sent:** 27 Feb 2018 14:27:02 +0000  
**To:** Gormley, Joseph M;Tasca, Charles P;Marshall, Michael J  
**Subject:** FW: Starrett City Language

FYI

---

**From:** Olin, Paul M  
**Sent:** Tuesday, February 27, 2018 7:39 AM  
**To:** Iber, Robert G <robert.g.iber@hud.gov>  
**Cc:** SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>  
**Subject:** Re: Starrett City Language

Thanks Bob and Arden! We'll include this in the submission.

Get [Outlook for iOS](#)

---

**From:** Iber, Robert G  
**Sent:** Tuesday, February 27, 2018 7:36:55 AM  
**To:** Olin, Paul M  
**Cc:** SOKOLOW, ARDEN A  
**Subject:** RE: Starrett City Language

After checking with Arden, I have one addition for your consideration. I added it at the bottom.

---

**From:** Olin, Paul M  
**Sent:** Monday, February 26, 2018 2:36 PM  
**To:** Iber, Robert G <robert.g.iber@hud.gov>  
**Subject:** Starrett City Language

Hi Bob,

We're pulling together language on Starrett City for the Secretary's upcoming visit to the hill. Using previous materials, we've compiled the following draft language for your review. Do you have any recommended edits? Hoping for comments from your team by noon tomorrow so that we can flip this back to the 10<sup>th</sup> floor. Thank you and apologies for the short turnaround time.

Paul

---

## What is the status of the proposed sale of Starrett City?

Starrett City is a multifamily dwelling located in the Canarsie section of Brooklyn. HUD, New York State Housing and Community Renewal (HCR), and New York City Housing Preservation and Development (HPD) all have elements of oversight over the project.

Before the sale can take place, HUD must approve the assignment of the Housing Assistance Payments (HAP) contract, and must also approve the Section 236 Re-Decoupling and the Assignment of the Use Agreement and potential RAD 2 conversion of existing Tenant Protection Vouchers. These reviews are currently being conducted by HUD's Multifamily Northeast Region. HUD agrees that the preservation of Starrett City as an affordable housing resource for low and moderate-income families is important for this community.

As part of HUD's servicing responsibilities, the following are being discussed with the potential purchaser to assure the long-term affordability and preservation for Starrett City:

- (b)(5) Deliberative Privilege

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HUD is also conducting an analysis of the owner and independent rental comparability studies to assure rents are within market rent standards and reviewing the property's capital needs assessment to assure immediate needs and long-term capital repairs will be addressed.

---

Paul M. Olin  
(202) 402-3672

**From:** Olin, Paul M  
**Sent:** 27 Feb 2018 15:58:04 +0000  
**To:** Gormley, Joseph M;Tasca, Charles P;Marshall, Michael J  
**Subject:** Secretary Carson Briefing Materials- FY2019 Budget- Housing  
02262018CPT\_PMO  
**Attachments:** Secretary Carson Briefing Materials- FY2019 Budget- Housing  
02262018CPT\_PMO.docx

Still reviewing the CJ to ensure we're covering all our bases. However, here is the updated draft with additional insertions.

Paul



**From:** Tasca, Charles P  
**Sent:** 27 Feb 2018 19:48:50 +0000  
**To:** Olin, Paul M; Gormley, Joseph M; Marshall, Michael J  
**Subject:** RE: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018CPT\_PMO  
**Attachments:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018CPT\_PMO (003)CPT.docx

Way too polite. The appropriate response is, "Chuck, you incompetent dork, you didn't include the attachment."

Chuck Tasca  
Office of Housing  
U.S. Department of Housing and Urban Development  
(202) 402-2074

---

**From:** Olin, Paul M  
**Sent:** Tuesday, February 27, 2018 2:47 PM  
**To:** Tasca, Charles P <Charles.P.Tasca@hud.gov>; Gormley, Joseph M <Joseph.M.Gormley@hud.gov>; Marshall, Michael J <Michael.J.Marshall@hud.gov>  
**Subject:** RE: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018CPT\_PMO

Sounds good. Can you double check the attachment? It may have fallen off.

---

**From:** Tasca, Charles P  
**Sent:** Tuesday, February 27, 2018 2:46 PM  
**To:** Olin, Paul M <Paul.M.Olin@hud.gov>; Gormley, Joseph M <Joseph.M.Gormley@hud.gov>; Marshall, Michael J <Michael.J.Marshall@hud.gov>  
**Subject:** RE: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018CPT\_PMO

My edits on top of your redline-mostly to revise the one MIP/HECM Portfolio Drain questions.

I'll wait for you to send me the next version with the additions and edits from Mike, and then I'll make the clean version

Chuck Tasca  
Office of Housing  
U.S. Department of Housing and Urban Development  
(202) 402-2074

---

**From:** Olin, Paul M  
**Sent:** Tuesday, February 27, 2018 1:37 PM  
**To:** Gormley, Joseph M <Joseph.M.Gormley@hud.gov>; Tasca, Charles P <Charles.P.Tasca@hud.gov>; Marshall, Michael J <Michael.J.Marshall@hud.gov>  
**Subject:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02262018CPT\_PMO

Updated draft is attached. We still need to plug in the FAB and SF language.

Thanks,  
Paul

**From:** Gormley, Joseph M  
**Sent:** 28 Feb 2018 04:36:00 +0000  
**To:** Tasca, Charles P; Olin, Paul M  
**Cc:** Marshall, Michael J  
**Subject:** Re: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02272018  
**Attachments:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02272018\_CLEAN.docx

Chuck,

My revisions attached. I thought I was doing this in track changes, but I didn't.

Apologies. (b)(5)

(b)(5) Deliberative Privilege

SF still indicates that they will be sending additional info tomorrow morning and I will circulate it as soon as I get it.

I need to get Dana's thoughts on the DASP issue before we finalize that one.

A couple of things:

1) After the first five budget items can you please rebucket in logical groups that are broken out by SF, MF, HC etc and format the document on the Office of Housing letterhead/template/

2) Can you (b)(5)

(b)(5); (b)(5)  
Deliberative Privilege

I'd like to get this to Dana by mid-day if possible.

Thank you,

Joe

---

**From:** Tasca, Charles P  
**Sent:** Tuesday, February 27, 2018 6:22 PM  
**To:** Olin, Paul M  
**Cc:** Gormley, Joseph M; Marshall, Michael J  
**Subject:** RE: Secretary Carson Briefing Materials- FY2019 Budget- Housing 02272018

Hi-here's a non-redline version, formatting changes for consistency, a few typo and punctuation cleanups, but no major additional changes from the redline version Paul sent.

Chuck Tasca  
Office of Housing  
U.S. Department of Housing and Urban Development  
(202) 402-2074

---

**From:** Olin, Paul M  
**Sent:** Tuesday, February 27, 2018 5:03 PM  
**To:** Tasca, Charles P <Charles.P.Tasca@hud.gov>  
**Cc:** Gormley, Joseph M <Joseph.M.Gormley@hud.gov>; Marshall, Michael J <Michael.J.Marshall@hud.gov>  
**Subject:** Secretary Carson Briefing Materials- FY2019 Budget- Housing 02272018

Chuck,

Here is the master deck. Please have at it!

Thanks,  
Paul

PS- You previously mentioned there may be a more logical way to re-order the Q&A subjects and I think you're right. Would love to see what you have in mind.



**From:** Garza, Sarah J  
**Sent:** 16 Apr 2018 21:01:49 +0000  
**To:** Hughes, Andrew; McCall, Drew A; Kurtz, R. Hunter  
**Cc:** Burley, Michael N  
**Subject:** 3/16/18 COS Report  
**Attachments:** 4.16.18 COS Report.docx



**Sarah J. Garza**

Special Assistant | Office of the Secretary

U.S. Department of Housing and Urban Development, HQ, Suite 10214

T: (202)402-5273 | E: [Sarah.J.Garza@HUD.gov](mailto:Sarah.J.Garza@HUD.gov)



# **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

*CHIEF OF STAFF REPORT*

**April 16<sup>th</sup>, 2018**

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## CIR

### Hot Issues

#### *This past week (Thursday to Thursday)*

- **House Homeland Security Committee Field Hearing**
  - ◇ On Monday, April 9, Region VI Regional Administrator Beth Van Duyne testified before the House Homeland Security Committee at a field hearing in Houston, TX on Hurricane Harvey recovery efforts. (POC – Len Wolfson/Michael Dendas/Ashley Ludlow)

#### *The next 30 days or longer if deemed appropriate*

- **House Appropriations Committee, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies (THUD) Hearing**
  - ◇ On Tuesday, April 17, PIH GDAS Dominique Blom will testify on PIH programs. (POC – Michael Kelley)
- **Nomination Hearing for Seth Appleton as Assistant Secretary for Policy Development & Research (PD&R)**
  - ◇ On Tuesday, April 17, Seth Appleton will have his nomination hearing for A/S of PD&R. (POC – Len Wolfson)



- Non Responsive Record
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## Schedule of Major Events

### *This week*

#### *Speeches and Events*

- **Meeting with Rep. Tom Graves (R-GA-14) Staff**
  - ◇ On Monday, April 9, CIR and OCFO ALD staff had a meeting with Rep. Graves staff to discuss upcoming House THUD Subcommittee hearings. (POC – Michael Kelley)
- **Briefing with Senate Committee on Banking, Housing, and Urban Affairs Staff**
  - ◇ On Monday, April 9, CIR and PIH staff briefed Senate Banking majority and minority staff on the status of PIH’s demolition-disposition notice. (POC – Michael Kelley)
- **Meeting with Rep. Katherine Clark (D-MA-5) Staff**
  - ◇ On Monday, April 9, CIR and OCFO ALD staff had a meeting with Rep. Clark staff to discuss upcoming House THUD Subcommittee hearings. (POC – Ashley Ludlow)
- **SOHUD CDBG-DR Allocation Calls to Elected Officials**
  - ◇ On Tuesday, April 10, SOHUD made calls to following elected officials to notify them of their state’s grant:
    - ◆ Senator Thom Tillis (R-NC)
    - ◆ Senator John Cornyn (R-TX)
    - ◆ Senator John Kennedy (R-LA)
    - ◆ Governor Roy Cooper (D-NC)
    - ◆ Governor John Bel Edwards (D-LA)
    - ◆ Governor Henry McMaster (R-SC)
    - ◆ Governor Rick Scott (R-FL)
    - ◆ (POC – Len Wolfson)
- **SOHUD Meeting with Mayor Jim Strickland (D-Memphis)**
  - ◇ On Tuesday, April 10, SOHUD met with Mayor Strickland at a HUD Fair Housing Anniversary event. (POC – Stephanie Fila)
- **SOHUD Disaster Press Conference**

- ◇ On Wednesday, April 11, SOHUD held a disaster recovery press conference with USVI Governor Kenneth Mapp and USVI Representative Stacey Plaskett. (POC – Len Wolfson)
- **Meeting with Wisconsin Legislators**
  - ◇ On Wednesday, April 11, CIR and WH Intergovernmental Staff met with state senators from Wisconsin for an introductory meeting. (POC – Stephanie Fila)
- **Meeting with Rep. John Shimkus (R-IL-15)**
  - ◇ On Wednesday, April 11, CIR and PIH met with Rep. Shimkus regarding Vermilion County Housing Authority. (POC – Ashley Ludlow)
- **Meeting with Rep. Charlie Dent (R-PA-15) Staff**
  - ◇ On Thursday, April 12, CIR and OCFO ALD staff had a meeting with Rep. Dent staff to discuss upcoming House THUD Subcommittee hearings. (POC – Michael Kelley)
- **Meeting with Rep. Mike Quigley (D-IL-5) Staff**
  - ◇ On Thursday, April 12, CIR and OCFO ALD staff had a meeting with Rep. Quigley staff to discuss upcoming House THUD Subcommittee hearings. (POC – Ashley Ludlow)
- **Meeting with Rep. David Joyce (R-OH-14) Staff**
  - ◇ On Thursday, April 12, CIR and OCFO ALD staff had a meeting with Rep. Joyce staff to discuss upcoming House THUD Subcommittee hearings. (POC – Ashley Ludlow)
- **Meeting with Rep. David Valadao (R-CA-21) Staff**
  - ◇ On Thursday, April 12, CIR and OCFO ALD Staff had a meeting with Rep. Valadao staff to discuss the upcoming House THUD hearings. (POC-Mike Dendas)
- **Meeting with Rep. Pete Aguilar (D-CA-31) Staff**
  - ◇ On Thursday, April 12, CIR and OCFO ALD Staff had a meeting with Rep. Aguilar staff to discuss the upcoming House THUD hearings. (POC-Mike Dendas)
- **Meeting with Sen. Tim Kaine (D-VA)**
  - ◇ On Thursday, April 12, CIR and Regional Administrator Joe DeFelice had a meeting with Senator Tim Kaine to facilitate introductions between Administrator DeFelice and Senator Kaine. (POC-Mike Dendas)
- **Conference Call with Rep. Jeffries (D-NY) and Senator Schumer (D-NY) staff**
  - ◇ On Thursday, April 12, CIR and FHA Staff held a call to update NY Members of Congress on the pending sale of Starrett City. (POC-Mike Dendas)
- **Conference Call with Rep. Vicky Hartzler (R-MO-4) Staff**
  - ◇ On Friday, April 13, CIR and SNAPS staff briefed Rep. Hartzler staff on the Department of Justice and HUD's joint program for housing victims of human trafficking. (POC – Michael Kelley)
- **Meeting with Sen. John Boozman (R-AR) Staff**
  - ◇ On Friday, April 13, CIR and OCFO ALD staff had a meeting with Sen. Boozman staff to discuss SOHUD's upcoming Senate THUD Subcommittee hearing. (POC – Michael Kelley)
- **Meeting with Sen. Chris Coons (D-DE) Staff**
  - ◇ On Friday, April 13, CIR and OCFO ALD staff had a meeting with Sen. Coons staff to discuss SOHUD's upcoming Senate THUD Subcommittee hearing. (POC – Ashley Ludlow)



### *The following 30 days*

#### *Speeches and Events*

- **Conference Call with Sen. Tammy Duckworth (D-IL) and Sen. Richard Durbin (D-IL) Staff**
  - ◇ On Tuesday, April 17, CIR and Deputy Regional Administrator for Region V, Jim Cunningham, had a call with Sens. Duckworth and Durbin staff to update them on the situation at Thebes/Cairo. (POC – Ashley Ludlow)

### **Flagged Correspondence**

- Request for information about HUD’s recent decision to close two public housing complexes in Thebes, IL.
  - ◇ From Sens. Tammy Duckworth (D-IL) and Richard Durbin (D-IL)
  - ◇ Dated April 4, 2018
  - ◇ (POC – Ashley Ludlow)
- Request for guidance from HUD regarding interpretation of Bipartisan Budget Act of 2018 language on duplication of benefits.
  - ◇ From John Bel Edwards, Governor of Louisiana
  - ◇ Dated April 3, 2018
  - ◇ (POC – Stephanie Fila)
- Request for information about HUD’s recent decision to close two public housing complexes in Thebes, IL.
  - ◇ From Sens. Tammy Duckworth (D-IL) and Richard Durbin (D-IL)
  - ◇ Dated April 4, 2018
  - ◇ (POC – Ashley Ludlow)
- Letter to SOHUD expressing support for prompt completion of HUD’s 2016 proposed rule clarifying the definition of “Recreational Vehicle.”
  - ◇ From Sens. Joe Donnelly (D-IN), Angus King (I-ME), Jodi Ernst (R-IA), Robert Casey (D-PA), and Todd Young (R-IN)
  - ◇ Dated March 22, 2018
  - ◇ (POC – Michael Kelley)
- Request for responses to questions related to furniture order.
  - ◇ From Sen. Tim Scott (R-SC), Chairman, Subcommittee on Housing, Transportation, and Community Development
  - ◇ Dated March 21, 2018
  - ◇ (POC – Ashley Ludlow)
- Concern over suitability of facilities and property owners receiving Section 8 housing vouchers from residents.
  - ◇ From Rep. Sheila Jackson Lee (D-TX-18)
  - ◇ Dated March 18, 2018
  - ◇ (POC – Michael Kelley)
- Request for information on HUD’s implementation of the Buy America Act.

- ◇ From Sen. Debbie Stabenow (D-MI)
  - ◇ Dated March 15, 2018 / Requested deadline of March 30, 2018
  - ◇ (POC – Michael Kelley)
- Letter requesting emergency visit by SOHUD to St. Louis to witness deplorable conditions at Clinton-Peabody Housing Complex.
  - ◇ From Missouri State Senators Jamilah Nasheed and Kiki Curls
  - ◇ Dated March 9, 2018
  - ◇ (POC – Stephanie Fila)
- Letter to SOHUD requesting written explanation for change in HUD’s mission statement.
  - ◇ From Rep. Cedric Richmond (D-LA-2), Rep. Barbara Lee (D-CA-13), Rep. Al Green (D-TX-9), Rep. Gregory Meeks (D-NY-5), Rep. Joyce Beatty (D-OH-3), Rep. Dwight Evans (D-PA-2), Congressional Black Caucus
  - ◇ Dated March 8, 2018
  - ◇ (POC – Michael Kelley)
- Request for names and relevant biographical information of individuals who serve on HUD’s Regulatory Reform Task Force.
  - ◇ From Ranking Member Elijah Cummings (D-MD-7), Oversight and Government Reform Committee; Ranking Member Gerald Connolly (D-VA-11), Subcommittee on Government Operations; Ranking Member Jerrold Nadler (D-NY-10), Judiciary Committee; Ranking Member David Cicilline (D-RI-1), Subcommittee on Regulatory Reform, Commercial and Antitrust Law
  - ◇ Dated March 8, 2018 / Requested deadline of March 21, 2018
  - ◇ (POC – Michael Kelley)
- Letter thanking HUD for its regulatory review of all rules related to manufactured housing and asking HUD to specifically review three specific regulations/guidance.
  - ◇ From Rep. Andy Barr (R-KY-6), Rep. David Kustoff (R-TN-8), Rep. Kyrsten Sinema (D-AZ-9), Rep. Terri Sewell (D-AL-7), Rep. Kathleen Rice (D-NY-4)
  - ◇ Dated March 7, 2018
  - ◇ (POC – Michael Dendas)
- Letter to SOHUD requesting HUD to fulfill audit request re living conditions at Hudson Housing Authority’s (HHA) Bliss Towers, and request for meeting with SOHUD to discuss conditions at Bliss Towers.
  - ◇ From Rep. John Faso (R-NY-19)
  - ◇ Dated March 5, 2018
  - ◇ (POC – Michael Kelley)
- Letter to A/S for Administration Suzanne Tufts requesting documents pertaining to “improper expenditures at [HUD] and retaliation by the Department against [Helen Foster] who tried to prevent those expenditures.”
  - ◇ From Sen. Gary Peters (D-MI), Sen. Elizabeth Warren (D-MA), and Sen. Cortez Masto (D-NV)
  - ◇ Dated March 5, 2018 / Rolling Production of Documents
  - ◇ (POC – Ashley Ludlow)
- Letter to SOHUD and OMB Director Mick Mulvaney urging reconsideration of legislative reforms and against funding cut to NYCHA and other affordable housing programs.



- ◊ From Rep. Nydia Velazquez (D-NY-7), Rep. Gregory Meeks (D-NY-5), and nine other New York Members
- ◊ Dated March 1, 2018
- ◊ (POC – Michael Kelley)
- Letter requesting documents pertaining to complaint filed with the Office of Special Counsel by HUD employee Helen Foster.
  - ◊ From Chairman Trey Gowdy (R-SC-4), Oversight and Government Reform Committee
  - ◊ Dated February 28, 2018 / Rolling Production of Documents
  - ◊ (POC – Michael Kelley)
- Letter requesting that FHA extend the foreclosure moratorium in Puerto Rico and the USVI for an additional 90-days after the March 19, 2018 deadline, as well as roll the amounts owed into the principal.
  - ◊ From Rep. Darren Soto (D-FL-9), Rep. Jenniffer Gonzalez-Colon (R-PR-At Large), Rep. Stacey Plaskett (D-USVI-At Large), and 22 other Members
  - ◊ Dated February 26, 2018
  - ◊ (POC – Ashley Ludlow)
- Letter thanking SOHUD for efforts to help the people of the USVI and requesting that HUD give extra consideration to the severe and disproportionate economic impacts on the residents of USVI when distributing \$28 billion of CDBG-DR funds; request for meeting with SOHUD when the Governor is in DC the week of February 26.
  - ◊ From Kenneth Mapp, Governor of the U.S. Virgin Islands
  - ◊ Dated February 14, 2018
  - ◊ (POC – Stephanie Fila)
- Letter requesting support in consideration of Application for Mortgage Insurance for Grupo HIMA San Pablo, Inc.
  - ◊ From Rep. Jenniffer Gonzalez-Colon (R-PR)
  - ◊ Dated February 13, 2018
  - ◊ (POC – Ashley Ludlow)
- Letter to eight Cabinet Secretaries calling for immediate end to discriminatory government policies and requesting roundtable meeting with all Directors of the Civil Rights Offices, or equivalent, of respective agencies.
  - ◊ From Rep. Joseph Kennedy (D-MA-4), Rep. Eleanor Norton (D-DC-At Large), Rep. Raul Grijalva (D-AZ-3), Rep. Mike Quigley (D-IL-5), and Rep. Donald McEachin (D-VA-4), Members of Congressional LGBT Equality Caucus's Transgender Equality Task Force
  - ◊ Dated February 13, 2018
  - ◊ (POC – Michael Dendas)

Non Responsive Record

**From:** Patton, Lynne M  
**Sent:** 10 Jul 2017 19:00:20 +0000  
**To:** Barton, Victoria L;kelly.a.love@who.eop.gov  
**Cc:** Alvarez, Olga R;McNally, Charles E;Orriols, Mirza;Cahill, John J  
**Subject:** RE: final statement

Dear Olga & Charlie:

By copy of this email, please meet Victoria Barton (HQ CIR) and Kelly Love (WH Press/HUD) who work closely with Amy, Raffi & Jerry from HUD HQ OPA.

SOHUD received a letter from Cummings & Jefferies regarding my involvement with Starrett City:  
<http://www.nydailynews.com/news/politics/house-committee-probes-hud-brooklyn-housing-co-owned-trump-article-1.3313397>

I shared with them both the below statement that you drafted in conjunction with Cahill regarding the same. They will direct any future inquiries to this statement, going forward.

Team - please emphasis that I voluntarily recused myself long before their letter or inquiry.

---

**From:** Patton, Lynne M  
**Sent:** Monday, July 10, 2017 2:37 PM  
**To:** Barton, Victoria L <Victoria.L.Barton@hud.gov>; kelly.a.love@who.eop.gov  
**Subject:** Fwd: final statement

FYI. Below is the REGION II standard Starett City response as drafted by our atty John Cahill & our PR Dept.

As you can see, Mirza sent it to Jerry Brown from HUD OPA last week, so they approved too.

Begin forwarded message:

**From:** "Orriols, Mirza" <Mirza.Orriols@hud.gov>  
**Date:** July 10, 2017 at 2:31:48 PM EDT  
**To:** "Patton, Lynne M" <Lynne.M.Patton@hud.gov>  
**Subject:** FW: final statement

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)



**From:** Orriols, Mirza  
**Sent:** Friday, July 07, 2017 6:46 PM  
**To:** Brown, Jereon M <[Jereon.M.Brown@hud.gov](mailto:Jereon.M.Brown@hud.gov)>  
**Subject:** Fwd: final statement

Hi Jerry: the statement below was reviewed and approved by Housing, Counsel and Lynne. She requested that it be sent out as a Region II statement.

Mirza Orriols,  
Deputy Regional Administrator  
HUD Region II-NY/NJ

---

From: Orriols, Mirza <[mirza.orriols@hud.gov](mailto:mirza.orriols@hud.gov)>  
Sent: Friday, July 7, 2017 3:29 PM  
Subject: final statement  
To: Patton, Lynne M <[lynne.m.patton@hud.gov](mailto:lynne.m.patton@hud.gov)>  
Cc: Orriols, Mirza <[mirza.orriols@hud.gov](mailto:mirza.orriols@hud.gov)>, McNally, Charles E <[charles.e.mcnally@hud.gov](mailto:charles.e.mcnally@hud.gov)>

Inspections and financial reviews of Starrett City will be conducted with exactly the same standards and due diligence as the rest of HUD's portfolio. Moreover, while Regional Administrators are not involved in the day-to-day oversight of HUD-assisted properties, which fall under the jurisdiction of HUD's Office of Multifamily Housing, Regional Administrator Patton has elected to recuse herself from any/all policy issues and decisions that may emerge that relate specifically to Starrett City to avoid any perception of impropriety or conflict.

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)





**From:** Patton, Lynne M  
**Sent:** 10 Jul 2017 19:16:58 +0000  
**To:** Orriols, Mirza; McNally, Charles E; Alvarez, Olga R; Cahill, John J  
**Subject:** RE: Starrett City Coordination IRP Disbursements

I take issue with the fact that the unsubstantiated sentence from Politico about “fumbling the job” is actually quoted in this letter. They can ask Carson directly about my job performance and he would discredit that statement in its entirety, or he would not still have me overseeing several projects that remain a priority to him – including the vision centers and risk-sharing program. Moreover, there is countless media coverage praising the overall success of the listening tour which we should pull to debunk the same. The Politico statement is the sole opinion of the COS who has resented my appointment and this administration since its inception & I hope this email is FOI’d.

---

**From:** Patton, Lynne M  
**Sent:** Monday, July 10, 2017 3:09 PM  
**To:** Orriols, Mirza <Mirza.Orriols@hud.gov>; McNally, Charles E <Charles.E.McNally@hud.gov>; Alvarez, Olga R <Olga.R.Alvarez@hud.gov>; Cahill, John J <john.j.cahill@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

FYI

---

**From:** Barton, Victoria L  
**Sent:** Monday, July 10, 2017 3:06 PM  
**To:** Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

**Victoria Barton**  
Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: (b)(6)

---

**From:** Barton, Victoria L  
**Sent:** Monday, July 10, 2017 1:35 PM  
**To:** 'Love, Kelly A. EOP/WHO' <Kelly.A.Love@who.eop.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

Kelly – I wanted you to see this just for awareness. Thank you!

**Victoria Barton**  
Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC



Office: 202.402.5957 | Fax: 202.708.3707 | Cell: 202.705.7319

---

**From:** Dendas, Michael W  
**Sent:** Monday, July 10, 2017 1:29 PM  
**To:** Zorc, Bethany A <[Bethany.A.Zorc@hud.gov](mailto:Bethany.A.Zorc@hud.gov)>; Thompson, Amy C <[Amy.C.Thompson@hud.gov](mailto:Amy.C.Thompson@hud.gov)>  
**Cc:** Barton, Victoria L <[Victoria.L.Barton@hud.gov](mailto:Victoria.L.Barton@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

How are we coordinating the response to this letter? The letter has been forwarded to me by two program offices and it sounds like Region II's office is responding to the press on some parts.

---

**From:** Cruciani, Linda M  
**Sent:** Friday, July 07, 2017 5:01 PM  
**To:** Santa Anna, Aaron <[Aaron.SantaAnna@hud.gov](mailto:Aaron.SantaAnna@hud.gov)>; Dendas, Michael W <[Michael.W.Dendas@hud.gov](mailto:Michael.W.Dendas@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

You have probably seen this.

---

**From:** Cahill, John J  
**Sent:** Friday, July 07, 2017 4:44 PM  
**To:** Cruciani, Linda M <[Linda.M.Cruciani@hud.gov](mailto:Linda.M.Cruciani@hud.gov)>; Petty, Timothy J <[Timothy.J.Petty@hud.gov](mailto:Timothy.J.Petty@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

FYI. Congressional correspondence attached.

---

**From:** Orriols, Mirza  
**Sent:** Friday, July 07, 2017 4:32 PM  
**To:** Cahill, John J <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)





---

**From:** Brown, Jereon M  
**Sent:** Friday, July 07, 2017 4:23 PM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Cc:** Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Okay, let's try that. I'm forwarding you the letter we just received. CIR will work the letter but we're sharing for your awareness. We'll have more incoming soon.

---

**From:** McNally, Charles E  
**Sent:** Friday, July 07, 2017 4:17 PM  
**To:** Brown, Jereon M <[Jereon.M.Brown@hud.gov](mailto:Jereon.M.Brown@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

I'm told that the \$271 million figure below goes back to at least 2006, possibly further. There is a schedule for annual payments attached to the refinance transaction which caps the annual subsidy at \$19.7 million for the first 7 years (2010-2016), dropping to \$16.6 million this year. So we could respond with something like: "The value of the 236 interest rate subsidy varies from year to year. In 2017 the value will be \$16.6 million."

---

**From:** SOKOLOW, ARDEN A  
**Sent:** Friday, July 07, 2017 2:07 PM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 1:52 PM  
**To:** Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements



Sorry, folks, I hate to be a pain, but our Public Affairs Office, after seeing such a big number, wants to know if we can put this in context somehow. One thing they'd like to know is what the interest rate reduction was - how many basis points a year (from 8% to 5%, or whatever it was ).

Also, I was thinking that we could give out the \$271k number, but along with how much they've paid in mortgage payments over the life of the loan.

Thanks so much – begging your indulgence on a Friday afternoon.

Bill

---

**From:** Wingate, Margaret  
**Sent:** Friday, July 07, 2017 1:35 PM  
**To:** Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>; Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Correct.

Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
Multifamily Asset Management Division  
New York Regional Center  
U.S. Department of Housing and Urban Development  
26 Federal Plaza, 32nd Floor  
New York, NY 10278-0068  
Phone: (212) 542-7843  
Email: [margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)  
<http://www.hud.gov/>

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SIGN UP FOR AN EPA PORTFOLIO MANAGER ACCOUNT NUMBER TODAY AND PROVIDE IT TO YOUR HUD ACCOUNT EXECUTIVE! FIND OUT MORE AT:  
<https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager>

In order to streamline all task submitted to our office, we encourage all routine servicing requests and correspondence which has been traditionally mailed to our offices be submitted via email to [ny.incoming@hud.gov](mailto:ny.incoming@hud.gov).

All other correspondence should be sent to the emails below:

- Monthly Accounting Reports (MARs) to [ny.mars@hud.gov](mailto:ny.mars@hud.gov)
- Grant (Service Coordinator) information to [ny.grants@hud.gov](mailto:ny.grants@hud.gov)
- Funding requests to [ny.funding@hud.gov](mailto:ny.funding@hud.gov) (Contract request only-\*Reserve for



replacement request should be submitted to [ny.incoming@hud.gov](mailto:ny.incoming@hud.gov) mailbox)

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---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 1:29 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Thanks so much, all. So this is how much has been dispersed over the life of the loan, right?

Bill Glavin  
Special Assistant  
Office of the Federal Housing Commissioner-Assistant Secretary for Housing and Urban Development  
202-402-2308

---

**From:** Iber, Robert G  
**Sent:** Friday, July 07, 2017 1:17 PM  
**To:** Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Thank you to all.

Have a nice weekend.

---

**From:** Wingate, Margaret  
**Sent:** Friday, July 07, 2017 12:56 PM  
**To:** SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Please find the LOCC screen showing the disbursement of IRP funds for this property, which appears to be \$271,388,383.



Web Grant Detail

Front Page → Grant Select → 012-035NI

112-035NI WELLS FARGO BANK NA  
S236/IRP (S236)

General Vouchers Payment Schedule History

Region: 11 Washington Office: 00 HEADQUARTERS Tax ID: 94-1347393 → S236	<b>Grant Dates</b> LOCCS Created: 02-18-2006 Effective Date: Servicer Assigned: 01-01-2010	<b>PAS Amounts</b> Reserved: 319,655,371.33 Obligated: 319,655,371.33 Contracted: 319,655,371.33 <b>LOCCS Amounts</b> Authorized: 319,655,371.33 Disbursed: 271,388,383.33 Balance: 48,266,988.00
<b>Service Provider</b> Tax ID: 94-1347393 WELLS FARGO BANK NA 2010 Corporate Rdg Ste 1000 Mc Lean, VA 22102-7858	<b>DUNS Organization</b> DUNS: 084004019 Renewal Date: 01-25-2018 Tax ID: 13-6019627 X Does not match contractual tax ID NEW YORK STATE HOUSING FINANCE AGENCY 641 LEXINGTON AVE FL 4 NEW YORK, NY 10022-4503	<b>Grant Level Payment Information</b> ⚠ No Wire Transfer banking information exists for this grant/project.
<b>Project Name and Address</b> STARRETT CITY 1320 HORNELL LOOP BROOKLYN, NY	<b>Payee Organization</b> Tax ID: 94-1347393 - same as above -	

Grant Alerts

Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
Multifamily Asset Management Division  
New York Regional Center  
U.S. Department of Housing and Urban Development  
26 Federal Plaza, 32nd Floor  
New York, NY 10278-0068  
Phone: (212) 542-7843  
Email: [margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)  
<http://www.hud.gov/>

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<https://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager>

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- Grant (Service Coordinator) information to [ny.grants@hud.gov](mailto:ny.grants@hud.gov)
- Funding requests to [ny.funding@hud.gov](mailto:ny.funding@hud.gov) (Contract request only-\*Reserve for replacement request should be submitted to [ny.incoming@hud.gov](mailto:ny.incoming@hud.gov) mailbox)

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---

**From:** SOKOLOW, ARDEN A  
**Sent:** Friday, July 07, 2017 12:48 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** RE: Starrett City Coordination

Christine and I are working on this its looking like its about 143 million but we are confirming

---

**From:** Iber, Robert G  
**Sent:** Friday, July 07, 2017 12:46 PM  
**To:** Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>  
**Cc:** SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** FW: Starrett City Coordination  
**Importance:** High

Do you guys know the answer to how much IRP was paid?

---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 12:17 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>  
**Subject:** FW: Starrett City Coordination

Hi Bob. Can you call me on this?

Thanks,

Bill x2308

---

**From:** Brown, Jereon M  
**Sent:** Friday, July 07, 2017 11:57 AM  
**To:** Carr, Terry M <[Terry.M.Carr@hud.gov](mailto:Terry.M.Carr@hud.gov)>  
**Cc:** Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** FW: Starrett City Coordination

Does anyone know?

---

**From:** McNally, Charles E  
**Sent:** Friday, July 07, 2017 11:41 AM  
**To:** Brown, Jereon M <[Jereon.M.Brown@hud.gov](mailto:Jereon.M.Brown@hud.gov)>  
**Cc:** Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Subject:** Starrett City Coordination



Hey Jerry,

I just got a call from Charles Bagli at the New York Times who is looking for the dollar value of the 236 interest rate reduction at Starrett City. He mentioned that he got the Section 8 subsidy amount from HQ. Are you working on the 236 question as well? Any reason not to share it with him?

Charlie



**From:** Patton, Lynne M  
**Sent:** 10 Jul 2017 19:58:07 +0000  
**To:** Barton, Victoria L; Love, Kelly A. EOP/WHO  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Me too please. The statement we sent is the one Region II wants & plans to use ourselves, so we should all be on the same page.

---

**From:** Barton, Victoria L  
**Sent:** Monday, July 10, 2017 3:57 PM  
**To:** Love, Kelly A. EOP/WHO <Kelly.A.Love@who.eop.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

I will loop you in before it is sent out in case you have any input or changes!

**Victoria Barton**  
Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: (b)(6)

---

**From:** Love, Kelly A. EOP/WHO [mailto:Kelly.A.Love@who.eop.gov]  
**Sent:** Monday, July 10, 2017 3:50 PM  
**To:** Barton, Victoria L <Victoria.L.Barton@hud.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Let me know HUD's response when it gets sent out

---

**From:** Barton, Victoria L [mailto:Victoria.L.Barton@hud.gov]  
**Sent:** Monday, July 10, 2017 1:35 PM  
**To:** Love, Kelly A. EOP/WHO <Kelly.A.Love@who.eop.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

Kelly – I wanted you to see this just for awareness. Thank you!

**Victoria Barton**  
Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: (b)(6)

---

**From:** Dendas, Michael W  
**Sent:** Monday, July 10, 2017 1:29 PM



**To:** Zorc, Bethany A <[Bethany.A.Zorc@hud.gov](mailto:Bethany.A.Zorc@hud.gov)>; Thompson, Amy C <[Amy.C.Thompson@hud.gov](mailto:Amy.C.Thompson@hud.gov)>  
**Cc:** Barton, Victoria L <[Victoria.L.Barton@hud.gov](mailto:Victoria.L.Barton@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

How are we coordinating the response to this letter? The letter has been forwarded to me by two program offices and it sounds like Region II's office is responding to the press on some parts.

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**Sent:** Friday, July 07, 2017 5:01 PM  
**To:** Santa Anna, Aaron <[Aaron.SantaAnna@hud.gov](mailto:Aaron.SantaAnna@hud.gov)>; Dendas, Michael W <[Michael.W.Dendas@hud.gov](mailto:Michael.W.Dendas@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

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**Sent:** Friday, July 07, 2017 4:44 PM  
**To:** Cruciani, Linda M <[Linda.M.Cruciani@hud.gov](mailto:Linda.M.Cruciani@hud.gov)>; Petty, Timothy J <[Timothy.J.Petty@hud.gov](mailto:Timothy.J.Petty@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

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**From:** Orriols, Mirza  
**Sent:** Friday, July 07, 2017 4:32 PM  
**To:** Cahill, John J <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)



---

**From:** Brown, Jereon M  
**Sent:** Friday, July 07, 2017 4:23 PM



**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Cc:** Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Okay, let's try that. I'm forwarding you the letter we just received. CIR will work the letter but we're sharing for your awareness. We'll have more incoming soon.

---

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**Sent:** Friday, July 07, 2017 4:17 PM  
**To:** Brown, Jereon M <[Jereon.M.Brown@hud.gov](mailto:Jereon.M.Brown@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

I'm told that the \$271 million figure below goes back to at least 2006, possibly further. There is a schedule for annual payments attached to the refinance transaction which caps the annual subsidy at \$19.7 million for the first 7 years (2010-2016), dropping to \$16.6 million this year. So we could respond with something like: "The value of the 236 interest rate subsidy varies from year to year. In 2017 the value will be \$16.6 million."

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**Sent:** Friday, July 07, 2017 2:07 PM  
**To:** McNally, Charles E <[Charles.E.McNally@hud.gov](mailto:Charles.E.McNally@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 1:52 PM  
**To:** Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Sorry, folks, I hate to be a pain, but our Public Affairs Office, after seeing such a big number, wants to know if we can put this in context somehow. One thing they'd like to know is what the interest rate reduction was - how many basis points a year (from 8% to 5%, or whatever it was ).

Also, I was thinking that we could give out the \$271k number, but along with how much they've paid in mortgage payments over the life of the loan.

Thanks so much – begging your indulgence on a Friday afternoon.

Bill



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**Sent:** Friday, July 07, 2017 1:35 PM  
**To:** Glavin, William A <William.A.Glavin@hud.gov>; Iber, Robert G <robert.g.iber@hud.gov>; SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>  
**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Correct.

Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
Multifamily Asset Management Division  
New York Regional Center  
U.S. Department of Housing and Urban Development  
26 Federal Plaza, 32nd Floor  
New York, NY 10278-0068  
Phone: (212) 542-7843  
Email: [margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)  
><http://www.hud.gov/><

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**Sent:** Friday, July 07, 2017 1:29 PM  
**To:** Iber, Robert G <robert.g.iber@hud.gov>; Wingate, Margaret <margaret.wingate@hud.gov>;



SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>

**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>

**Subject:** RE: Starrett City Coordination IRP Disbursements

Thanks so much, all. So this is how much has been dispersed over the life of the loan, right?

Bill Glavin

Special Assistant

Office of the Federal Housing Commissioner-Assistant Secretary for Housing and Urban Development  
202-402-2308

---

**From:** Iber, Robert G

**Sent:** Friday, July 07, 2017 1:17 PM

**To:** Wingate, Margaret <margaret.wingate@hud.gov>; SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>

**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>; Glavin, William A <William.A.Glavin@hud.gov>

**Subject:** RE: Starrett City Coordination IRP Disbursements

Thank you to all.

Have a nice weekend.

---

**From:** Wingate, Margaret

**Sent:** Friday, July 07, 2017 12:56 PM

**To:** SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; Iber, Robert G <robert.g.iber@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>

**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>; Glavin, William A <William.A.Glavin@hud.gov>

**Subject:** RE: Starrett City Coordination IRP Disbursements

Please find the LOCC screen showing the disbursement of IRP funds for this property, which appears to be \$271,388,383.

Grant Detail																									
<b>112-035NI</b> WELLS FARGO BANK NA 5236/IRP (5236)																									
General Vouchers Payment Schedule History																									
<b>Region:</b> 11 Washington <b>Office:</b> 00 HEADQUARTERS <b>Tax ID:</b> 94-1247393 → 5236	<table border="1"><thead><tr><th colspan="2">Grant Dates</th></tr></thead><tbody><tr><td>LOCCS Created:</td><td>02-18-2006</td></tr><tr><td>Effective Date:</td><td></td></tr><tr><td>Service Assigned:</td><td>01-01-2010</td></tr></tbody></table> <table border="1"><thead><tr><th colspan="2">PAS Amounts</th></tr></thead><tbody><tr><td>Reserved:</td><td>319,655,371.33</td></tr><tr><td>Obligated:</td><td>319,655,371.33</td></tr><tr><td>Contracted:</td><td>319,655,371.33</td></tr><tr><td colspan="2">LOCCS Amounts</td></tr><tr><td>Authorized:</td><td>319,655,371.33</td></tr><tr><td>Disbursed:</td><td>271,388,383.33</td></tr><tr><td>Balance:</td><td>48,266,988.00</td></tr></tbody></table>	Grant Dates		LOCCS Created:	02-18-2006	Effective Date:		Service Assigned:	01-01-2010	PAS Amounts		Reserved:	319,655,371.33	Obligated:	319,655,371.33	Contracted:	319,655,371.33	LOCCS Amounts		Authorized:	319,655,371.33	Disbursed:	271,388,383.33	Balance:	48,266,988.00
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Balance:	48,266,988.00																								
<b>Service Provider</b> <b>Tax ID:</b> 94-1247393 WELLS FARGO BANK NA 2010 Corporate Rdy Ste 1000 Mc Lean, VA 22102-7858	<b>DUNS Organization</b> DUNS: 084004019 Renewal Date: 01-25-2018 Tax ID: 13-6019627 X Does not match contractual tax ID NEW YORK STATE HOUSING FINANCE AGENCY 641 LEXINGTON AVE FL 4 NEW YORK, NY 10022-4503																								
<b>Project Name and Address</b> STARRETT CITY 1520 HORNELL LOOP BROOKLYN, NY	<b>Payee Organization</b> <b>Tax ID:</b> 94-1247393 - same as above -																								
<b>Grant Alerts</b>																									



Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
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**From:** SOKOLOW, ARDEN A

**Sent:** Friday, July 07, 2017 12:48 PM

**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>

**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>

**Subject:** RE: Starrett City Coordination

Christine and I are working on this its looking like its about 143 million but we are confirming



---

**From:** Iber, Robert G  
**Sent:** Friday, July 07, 2017 12:46 PM  
**To:** Wingate, Margaret <margaret.wingate@hud.gov>  
**Cc:** SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>; Glavin, William A <William.A.Glavin@hud.gov>  
**Subject:** FW: Starrett City Coordination  
**Importance:** High

Do you guys know the answer to how much IRP was paid?

---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 12:17 PM  
**To:** Iber, Robert G <robert.g.iber@hud.gov>  
**Subject:** FW: Starrett City Coordination

Hi Bob. Can you call me on this?

Thanks,

Bill x2308

---

**From:** Brown, Jereon M  
**Sent:** Friday, July 07, 2017 11:57 AM  
**To:** Carr, Terry M <Terry.M.Carr@hud.gov>  
**Cc:** Glavin, William A <William.A.Glavin@hud.gov>  
**Subject:** FW: Starrett City Coordination

Does anyone know?

---

**From:** McNally, Charles E  
**Sent:** Friday, July 07, 2017 11:41 AM  
**To:** Brown, Jereon M <Jereon.M.Brown@hud.gov>  
**Cc:** Orriols, Mirza <Mirza.Orriols@hud.gov>; Gruson, Barbara <Barbara.Gruson@hud.gov>  
**Subject:** Starrett City Coordination

Hey Jerry,

I just got a call from Charles Bagli at the New York Times who is looking for the dollar value of the 236 interest rate reduction at Starrett City. He mentioned that he got the Section 8 subsidy amount from HQ. Are you working on the 236 question as well? Any reason not to share it with him?

Charlie

**From:** Gruson, Barbara  
**Sent:** 27 Feb 2017 22:06:29 +0000  
**To:** Bass, Deana  
**Cc:** Patton, Lynne M;Kasper, Maren M  
**Subject:** 27th of February Comms Report  
**Attachments:** 27 February HUD Comms Report.docx

Hi Deana,

Attached you shall find the comms report for **Monday, February 27<sup>th</sup>**.

Did you have a chance to review Dr. Carson's bio, employee and stakeholder message and News Release? We would like to upload the bio to Facebook. The page won't go live until Dr. Carson has been confirmed.

Thanks,

*Barbara K. Gruson*

Office of Public Affairs  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW  
Washington, DC 20410  
C: (202) 705-7417 | E: [Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF THE SECRETARY  
WASHINGTON, DC 20410-0050  
COMMUNICATIONS REPORT

Deana Bass  
Office of The Secretary

02/27/2017

## DAILY COMMUNICATIONS REPORT

**TO:** White House Cabinet Affairs Communications  
**FROM:** Deana Bass, Office of the Secretary & Barbara Gruson, Office of Public Affairs  
**SUBJECT:** Communications Update - 02.27.17

### OF NOTE

Non Responsive Record

### MEDIA REQUESTS

- Reporter Lorraine Woellert from **Politico** inquired about HUD's budget and checking in re: listening tour.
- Reporter Pat Raia from **The Horse** magazine submitted an inquiry regarding a fair housing investigation in Benton, WA, involving the keeping of a miniature horse for use as a service animal. We responded to the reporter by stating that HUD cannot comment on an ongoing investigation, and provided general information about complaints involving service or assistance animals.
- **Forbes Magazine** is looking into President Trump's financial interest in Starrett City in Brooklyn. Brian, in OPA, believes there is a HAP agreement in place until 2029 (?) and there may be a Section 236 mortgage in place. **The Washington Post** asked several questions about this more than a month ago
- **The Real Deal** reporter, Will Parker, #901-736-2232, and **Reuters** Reporter Jim Oliphant would like to chat about the HUD Budget numbers being released today.
- Jennifer Kerr at the **Washington Post** would like information on HUD's FY18 budget.
- Producer **Emma Schwartz** and her crew are doing an hour-long program on the affordable housing crisis. They've reached out to several experts in and out of government (some from the last Administration) and expect to ask for an interview with Secretary Carson once he's confirmed.

### TOP STORIES \*Excerpts from the HUD DAILY BRIEFING

Non Responsive Record



**From:** Patton, Lynne M  
**Sent:** 19 Jul 2017 21:30:10 +0000  
**To:** Gruson, Barbara  
**Subject:** FW: Starrett City Coordination IRP Disbursements  
**Attachments:** 2017-07-07. EEC Jeffries to Trump Org. HUD.PDF

---

**From:** Barton, Victoria L  
**Sent:** Monday, July 10, 2017 3:06 PM  
**To:** Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

**Victoria Barton**

Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: 202.705.7319

---

**From:** Barton, Victoria L  
**Sent:** Monday, July 10, 2017 1:35 PM  
**To:** 'Love, Kelly A. EOP/WHO' <Kelly.A.Love@who.eop.gov>; Patton, Lynne M <Lynne.M.Patton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

Kelly – I wanted you to see this just for awareness. Thank you!

**Victoria Barton**

Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: 202.705.7319

---

**From:** Dendas, Michael W  
**Sent:** Monday, July 10, 2017 1:29 PM  
**To:** Zorc, Bethany A <Bethany.A.Zorc@hud.gov>; Thompson, Amy C <Amy.C.Thompson@hud.gov>  
**Cc:** Barton, Victoria L <Victoria.L.Barton@hud.gov>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

How are we coordinating the response to this letter? The letter has been forwarded to me by two program offices and it sounds like Region II's office is responding to the press on some parts.



---

**From:** Cruciani, Linda M  
**Sent:** Friday, July 07, 2017 5:01 PM  
**To:** Santa Anna, Aaron <[Aaron.SantaAnna@hud.gov](mailto:Aaron.SantaAnna@hud.gov)>; Dendas, Michael W <[Michael.W.Dendas@hud.gov](mailto:Michael.W.Dendas@hud.gov)>  
**Subject:** FW: Starrett City Coordination IRP Disbursements

You have probably seen this.

---

**From:** Cahill, John J  
**Sent:** Friday, July 07, 2017 4:44 PM  
**To:** Cruciani, Linda M <[Linda.M.Cruciani@hud.gov](mailto:Linda.M.Cruciani@hud.gov)>; Petty, Timothy J <[Timothy.J.Petty@hud.gov](mailto:Timothy.J.Petty@hud.gov)>  
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FYI. Congressional correspondence attached.

---

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**Subject:** FW: Starrett City Coordination IRP Disbursements

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S.Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: 917-686-4220



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**Cc:** Alvarez, Olga R <[Olga.R.Alvarez@hud.gov](mailto:Olga.R.Alvarez@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

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**Subject:** FW: Starrett City Coordination IRP Disbursements

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**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

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**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements



Correct.

Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
Multifamily Asset Management Division  
New York Regional Center  
U.S. Department of Housing and Urban Development  
26 Federal Plaza, 32nd Floor  
New York, NY 10278-0068  
Phone: (212) 542-7843  
Email: [margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)  
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**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 1:29 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Thanks so much, all. So this is how much has been dispersed over the life of the loan, right?

Bill Glavin



Special Assistant  
Office of the Federal Housing Commissioner-Assistant Secretary for Housing and Urban Development  
202-402-2308

**From:** Iber, Robert G  
**Sent:** Friday, July 07, 2017 1:17 PM  
**To:** Wingate, Margaret <margaret.wingate@hud.gov>; SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>  
**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>; Glavin, William A <William.A.Glavin@hud.gov>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Thank you to all.

Have a nice weekend.

**From:** Wingate, Margaret  
**Sent:** Friday, July 07, 2017 12:56 PM  
**To:** SOKOLOW, ARDEN A <ARDEN.A.SOKOLOW@hud.gov>; Iber, Robert G <robert.g.iber@hud.gov>; El Shahat, Christine <Christine.ElShahat@hud.gov>  
**Cc:** Santa, Dean J <Dean.J.Santa@hud.gov>; Walton, Eugene X <Eugene.X.Walton@hud.gov>; Glavin, William A <William.A.Glavin@hud.gov>  
**Subject:** RE: Starrett City Coordination IRP Disbursements

Please find the LOCC screen showing the disbursement of IRP funds for this property, which appears to be \$271,388,383.

Web Grant Detail

Print Page Grant Select 012-035NI

112-035NI WELLS FARGO BANK NA  
S236/IRP (S236)

General Vouchers Payment Schedule History

Region: 11 Washington Office: 00 HEADQUARTERS Tax ID: 94-1347393 → S236	<b>Grant Dates</b> LOCCS Created: 02-18-2006 Effective Date: 01-01-2010 Servicer Assigned:	<b>PAS Amounts</b> Reserved: 319,655,371.33 Obligated: 319,655,371.33 Contracted: 319,655,371.33 <b>LOCCS Amounts</b> Authorized: 319,655,371.33 Disbursed: 271,388,383.33 Balance: 48,266,988.00
<b>Service Provider</b> Tax ID: 94-1347393 WELLS FARGO BANK NA 2010 Corporate Rdy Ste 1000 Mc Lean, VA 22102-7838	<b>DUNS Organization</b> DUNS: 084004019 Renewal Date: 01-25-2018 Tax ID: 13-6019627 X Does not match contractual tax ID NEW YORK STATE HOUSING FINANCE AGENCY 641 LEXINGTON AVE FL 4 NEW YORK, NY 10022-4503	<b>Grant Level Payment Information</b> ⚠ No Wire Transfer banking information exists for this grant/project.
<b>Project Name and Address</b> STARRETT CITY 1520 HORNELL LOOP BROOKLYN, NY	<b>Payee Organization</b> Tax ID: 94-1347393 - same as above -	

Grant Alerts

Best Regards  
Margaret

Margaret Wingate  
Resolution/Funding Specialist, Branch Chief  
Multifamily Asset Management Division  
New York Regional Center  
U.S. Department of Housing and Urban Development



26 Federal Plaza, 32nd Floor  
New York, NY 10278-0068  
Phone: (212) 542-7843  
Email: [margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)  
<http://www.hud.gov/>

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All other correspondence should be sent to the emails below:

- Monthly Accounting Reports (MARs) to [ny.mars@hud.gov](mailto:ny.mars@hud.gov)
- Grant (Service Coordinator) information to [ny.grants@hud.gov](mailto:ny.grants@hud.gov)
- Funding requests to [ny.funding@hud.gov](mailto:ny.funding@hud.gov) (Contract request only-\*Reserve for replacement request should be submitted to [ny.incoming@hud.gov](mailto:ny.incoming@hud.gov) mailbox)

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---

**From:** SOKOLOW, ARDEN A  
**Sent:** Friday, July 07, 2017 12:48 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>; Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>; El Shahat, Christine <[Christine.ElShahat@hud.gov](mailto:Christine.ElShahat@hud.gov)>  
**Cc:** Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** RE: Starrett City Coordination

Christine and I are working on this its looking like its about 143 million but we are confirming

---

**From:** Iber, Robert G  
**Sent:** Friday, July 07, 2017 12:46 PM  
**To:** Wingate, Margaret <[margaret.wingate@hud.gov](mailto:margaret.wingate@hud.gov)>  
**Cc:** SOKOLOW, ARDEN A <[ARDEN.A.SOKOLOW@hud.gov](mailto:ARDEN.A.SOKOLOW@hud.gov)>; Santa, Dean J <[Dean.J.Santa@hud.gov](mailto:Dean.J.Santa@hud.gov)>; Walton, Eugene X <[Eugene.X.Walton@hud.gov](mailto:Eugene.X.Walton@hud.gov)>; Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** FW: Starrett City Coordination  
**Importance:** High



Do you guys know the answer to how much IRP was paid?

---

**From:** Glavin, William A  
**Sent:** Friday, July 07, 2017 12:17 PM  
**To:** Iber, Robert G <[robert.g.iber@hud.gov](mailto:robert.g.iber@hud.gov)>  
**Subject:** FW: Starrett City Coordination

Hi Bob. Can you call me on this?

Thanks,

Bill x2308

---

**From:** Brown, Jereon M  
**Sent:** Friday, July 07, 2017 11:57 AM  
**To:** Carr, Terry M <[Terry.M.Carr@hud.gov](mailto:Terry.M.Carr@hud.gov)>  
**Cc:** Glavin, William A <[William.A.Glavin@hud.gov](mailto:William.A.Glavin@hud.gov)>  
**Subject:** FW: Starrett City Coordination

Does anyone know?

---

**From:** McNally, Charles E  
**Sent:** Friday, July 07, 2017 11:41 AM  
**To:** Brown, Jereon M <[Jereon.M.Brown@hud.gov](mailto:Jereon.M.Brown@hud.gov)>  
**Cc:** Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>; Gruson, Barbara <[Barbara.Gruson@hud.gov](mailto:Barbara.Gruson@hud.gov)>  
**Subject:** Starrett City Coordination

Hey Jerry,

I just got a call from Charles Bagli at the New York Times who is looking for the dollar value of the 236 interest rate reduction at Starrett City. He mentioned that he got the Section 8 subsidy amount from HQ. Are you working on the 236 question as well? Any reason not to share it with him?

Charlie

**Congress of the United States**  
**Washington, DC 20515**

July 7, 2017

Mr. Donald Trump, Jr.  
Mr. Allen Weisselberg  
Trustees  
Donald J. Trump Revocable Trust  
725 Fifth Avenue  
New York, NY 10022

The Honorable Ben Carson  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street, SW  
Washington, DC 20410

Dear Messrs. Trump, Weisselberg, and Carson:

We write to request information regarding conflicts of interest created by President Trump's continued ownership stake in the nation's largest government-subsidized residential property, New York's Starrett City, and what, if any, steps you are taking to manage those conflicts.

The President has rejected the advice of ethics experts from across the political spectrum by refusing to divest his ownership in his personal businesses, and leaving in place numerous conflicts of interest. The President's decision to maintain a 4% ownership stake in Starrett City means that his administration oversees Department of Housing and Urban Development (HUD) programs that pay the President millions of dollars annually. For example, in 2009 alone, HUD committed \$78 million in federal funds to the owners of Starrett City, to supplement the rent payments of the property's residents. According to the *Washington Post*, Starrett City's owners have received "more than \$490 million in rent subsidies since May 2013."<sup>1</sup>

Many real estate companies receive government subsidies to support affordable housing but unique conflicts exist with regard to Starrett City because the President is on both sides of the negotiation—he oversees the government entity providing taxpayer funds *and* he pockets some of that money himself.

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<sup>1</sup> *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at [www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876\\_story.html?utm\\_term=.4ac1261ec736](http://www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736)).



There are numerous actions that the President or his administration could take to financially benefit himself, his family members, and his business associates in Starrett City. For example:

- The President's representatives at HUD approve the rate tenants pay to rent the subsidized apartments at Starrett City and they could approve unusually favorable market rate estimates that increase the federal subsidies paid to Starrett City's owners.
- The President's representatives at HUD could approve a sale of Starrett City—ensuring a financial windfall to the President and his business partners. In the past, HUD has blocked the sale of the property.
- HUD could put a thumb on the scales to benefit the President and his business partners when Starrett City is refinanced during the President's term in office. The President has already proposed carving out the specific housing aid program benefitting Starrett City from most of the proposed cuts to housing assistance programs overall, making it more likely that Starrett City's owners—including the President—will receive refinancing on favorable terms.
- The President's budget proposal would also benefit the President, regardless of whether that was the purpose. The President's budget proposal seeks to impose steep cuts to most housing aid programs, but would leave the type of federal aid that flows to the owners of Starrett City mostly intact.<sup>2</sup>

Concerns about the President's conflict of interest are exacerbated by the President's appointment of a long-time Trump family employee, Lynne Patton, an event planner without housing experience, to oversee HUD's programs in New York and New Jersey.

### **President Trump's Ownership Interest in Starrett City**

According to President Trump's recent financial disclosure, the President owns a 4% ownership interest in "Starrett City Associates, L.P."<sup>3</sup> Starrett City Associates, L.P. is a private real estate firm that owns Starrett City. Starrett City is the nation's largest federally subsidized residential property.<sup>4</sup>

The President's interest in this asset is valued at anywhere from between \$5 million and \$25 million.<sup>5</sup> In 2009, the estimated value of Starrett City was \$625 million, meaning that in

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<sup>2</sup> *Id.*

<sup>3</sup> Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e) (June 2017) (online at [www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html](http://www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html)).

<sup>4</sup> *After Two Years of Trying, Owners Give Up on Selling Starrett City*, The New York Times (Feb. 17, 2009) (online at [www.nytimes.com/2009/02/18/nyregion/18starrett.html](http://www.nytimes.com/2009/02/18/nyregion/18starrett.html)).

<sup>5</sup> Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e)

2009, the President's 4% interest was worth \$25 million.<sup>6</sup> The President disclosed that he earned more than \$5 million in rental income from this asset from January 2016 to April 15, 2017.<sup>7</sup>

Given his 4% stake in Starrett City, the President may have made as much as \$8 million from the 2009 refinancing of the complex. In addition, the President likely earned close to \$20 million from HUD housing assistance payments since Fiscal Year 2008. According to the *Washington Post*, "That subsidy generates steady income for Trump and his siblings, each of whom inherited an interest in the property when their father died."<sup>8</sup>

### **Trump Administration Could Approve Favorable Subsidy Rates**

HUD is in a position to take various discretionary actions with respect to Starrett City that would personally benefit the President and his siblings. For example, HUD approves the amount of rent that Starrett City's owners can charge and determines how often to readjust the rent subsidies. HUD officials could approve unusually favorable marked-up rents, ensuring an increase in the federal subsidies flowing to Starrett City's owners.

In December 2009, Starrett City's owners entered into a new housing assistance payments contract with the New York State Housing Trust Fund Corporation, acting as contract administrator on behalf of HUD. Under the contract, HUD provides project-based housing assistance payments to Starrett City based on contract rents. According to documents obtained by the Committee, for just the first year of the contract, HUD promised \$78 million in housing assistance payments to Starrett City's owners.

Under the mark-up-to-market clause of the contract, once every five years Starrett City's owners may ask HUD to approve a discretionary increase in the apartment rents up to the market rate, following a review of comparable market rents. According to New York authorities, the last mark-up-to-market increase for Starrett City was effective January 1, 2015, and increased the rents for subsidized units by 17%. As tenants' maximum rent contributions are capped, the majority of this increase was paid by HUD and increased the payments to Starrett City's owners by millions of dollars. Starrett City's owners could request an additional five-year mark-up-to-market adjustment during the President's term.<sup>9</sup>

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(June 2017) (online at [www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html](http://www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html)).

<sup>6</sup> *Refinancing Deal May Save Low-Cost Housing at Starrett City*, The New York Times (Apr. 15, 2009) (online at [www.nytimes.com/2009/04/16/nyregion/16starrett.html](http://www.nytimes.com/2009/04/16/nyregion/16starrett.html)).

<sup>7</sup> Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e) (June 2017) (online at [www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html](http://www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html)).

<sup>8</sup> *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at [www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876\\_story.html?utm\\_term=.4ac1261ec736](http://www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736)).

<sup>9</sup> Renewal Housing Assistance Payments Contract for Section 8 Mark-Up-to-Market Project Between New York State Housing Trust Corporation, and Starrett City Associates, L.P. (Dec. 2009).



In addition, according to the contract, “HUD may, at HUD’s discretion, require or permit the Contract Administrator to conduct a comparability analysis and adjustment of contract rents (a ‘mid-term adjustment’) one more time within each 5-year period.”<sup>10</sup> In other words, under the contract, HUD could make an additional mid-term adjustment to contract rents that could raise the amount of housing assistance payments to Starrett City’s owners—President Trump, his siblings, and his business associates.

### **Trump Administration Could Approve Sale of Starrett City**

Another discretionary act that President Trump’s administration could take in the President’s favor would be to approve a sale of Starrett City—something that would grant a windfall in profit to the property owners and something that HUD has previously refused to do.

In 2006, the owners of Starrett City reached an agreement to sell the complex for \$1.3 billion, which would have yielded the President approximately \$52 million. At the time, President Trump said of the sale, “I’m thrilled with the outcome.”<sup>11</sup>

However, HUD—which “[u]nder federal law ... has the authority to consider a purchaser’s background before consenting to real estate deals”<sup>12</sup>—rejected that proposed sale.<sup>13</sup> Alphonso Jackson, the Secretary of HUD under President George W. Bush, stated that HUD denied the sale because, “At present, the Department lacks sufficient information concerning the proposed buyers’ financial and managerial capacity” and “lacks sufficient information concerning the proposed buyers’ financial and managerial plans to conclude that they can maintain Starrett City as affordable housing.”<sup>14</sup>

In 2007, HUD rejected a second bid to sell Starrett City, writing in a letter that the proposed buyer “has not provided a full management plan to preserve and maintain this affordable housing development,” and the “Department does not believe that [the buyer’s] proposal is financially feasible to sustain the project as a long-term affordability housing resource.”<sup>15</sup>

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<sup>10</sup> *Id.*

<sup>11</sup> *Starrett City Sold for \$1.3B*, New York Post (Feb. 9, 2007) (online at [nypost.com/2007/02/09/starrett-city-sold-for-1-3b/](http://nypost.com/2007/02/09/starrett-city-sold-for-1-3b/)).

<sup>12</sup> New York State Office of the Attorney General, *Senator Schumer and Attorney General Cuomo Announce the Blocking of Starrett City Deal* (Mar. 2, 2007) (online at [ag.ny.gov/press-release/senator-schumer-and-attorney-general-cuomo-announce-blocking-starrett-city-deal](http://ag.ny.gov/press-release/senator-schumer-and-attorney-general-cuomo-announce-blocking-starrett-city-deal)).

<sup>13</sup> *HUD Blocks Proposed Sale of Starrett City*, The New York Times (Mar. 2, 2007) (online at [www.nytimes.com/2007/03/02/nyregion/02starrett.html](http://www.nytimes.com/2007/03/02/nyregion/02starrett.html)).

<sup>14</sup> Remarks of Alphonso Jackson, Secretary, U.S. Department of Housing and Urban Development (Mar. 2, 2007) (online at [archives.hud.gov/remarks/jackson/speeches/2007-03-02.cfm](http://archives.hud.gov/remarks/jackson/speeches/2007-03-02.cfm)).

<sup>15</sup> Letter from Secretary Alphonso Jackson, U.S. Department of Housing and Urban Development, to Mr. John L. Kelly, Nixon Peabody (July 9, 2007) (online at [static01.nyt.com/packages/pdf/nyregion/city\\_room/20070709\\_starrettcityletter.pdf](http://static01.nyt.com/packages/pdf/nyregion/city_room/20070709_starrettcityletter.pdf)); see also *HUD Again Rejects*



While there is no public information regarding a current proposal to sell Starrett City, the owners of Starrett City could propose a sale during the President's term.

### **Trump Administration Could Help President Trump Maximize the Equity He Can Extract from Starrett City**

President Trump's administration could also assist the President, his siblings, and his business partners in obtaining more cash equity out of the Starrett City project, as part of a refinancing deal currently being negotiated.

The refinancing of Starrett City is a complex deal that will involve numerous parties, including HUD. Already, the President's budget would assist him in getting favorable terms for his project's refinancing by preserving most of the federal subsidies that comprise the majority of the housing assistance at Starrett City from proposed funding cuts. In addition, any decision HUD makes to increase the market rates of the apartments will increase the profitability of the property, and thus the equity that President Trump and his partners can receive in the refinance.

In December 2009, after efforts to sell the property under the terms of a multi-party Memorandum of Understanding fell through, Starrett City's owners refinanced the mortgage on the property.<sup>16</sup> Wells Fargo originated the new loan, which was backed by Freddie Mac.<sup>17</sup> According to the *New York Times*:

Under the terms of the deal, the owners would refinance the complex for roughly \$500 million, or 80 percent of its value. That sum is far less than the \$1.3 billion a potential buyer offered in 2007, before the buyer was effectively disqualified by federal officials. But it would enable the owners to pay off their old \$234.4 million interest-free mortgage and other fees and take a profit estimated at roughly \$200 million, according to housing officials and real estate executives.<sup>18</sup>

The financing statement filed with the New York State Department of State indicates that the collateral pledged by Starrett City for the refinancing included the funds the owners receive from HUD:

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*Starrett City Sale*, New York Times (July 9, 2007) (online at [cityroom.blogs.nytimes.com/2007/07/09/hud-again-rejects-starrett-city-sale/#more-284](http://cityroom.blogs.nytimes.com/2007/07/09/hud-again-rejects-starrett-city-sale/#more-284)).

<sup>16</sup> Memorandum of Understanding Between Starrett City Associates, Starrett City, Inc., the U.S. Department of Housing and Urban Development, the New York State Housing Finance Agency, the New York State Division of Housing and Community Renewal, and the City of New York Department of Housing Preservation and Development (May 12, 2008) (online at [files.ali-cle.org/thumbs/datastorage/skoob/articles/TAB03-Neveloff\\_thumb.pdf](http://files.ali-cle.org/thumbs/datastorage/skoob/articles/TAB03-Neveloff_thumb.pdf)).

<sup>17</sup> *Starrett City Scores \$513 Million Freddie Mac Loan*, Multifamily Executive (Dec. 18, 2009) (online at [www.multifamilyexecutive.com/design-development/starrett-city-scores-513-million-freddie-mac-loan\\_o](http://www.multifamilyexecutive.com/design-development/starrett-city-scores-513-million-freddie-mac-loan_o)).

<sup>18</sup> *Refinancing Deal May Save Low-Cost Housing at Starrett City*, The New York Times (Apr. 15, 2009) (online at [www.nytimes.com/2009/04/16/nyregion/16starrett.html](http://www.nytimes.com/2009/04/16/nyregion/16starrett.html)).

All of the Borrower's right, title and interest in and to the Affordable Housing Documents and all amendments and modifications thereto and all payments made pursuant to any Affordable Housing Document including, without limitation, all housing assistance payments payable with respect to the Property by the United States Department of Housing and Urban Development or New York State Housing Trust Fund.<sup>19</sup>

The Trump administration now oversees the payments that the President and his business partners pledged as collateral on their loan for Starrett City. The President's budget proposes only minimal cuts in these payments, while proposing substantial cuts to other federal housing programs.<sup>20</sup>

According to media reports, the current loan on Starrett City "expires in late 2019." In advance of the expiration, media reports from late November 2016 indicate that "[t]he owners of Starrett City are negotiating with four major banks to refinance the complex." An official with Starrett City, Curt Deane, reportedly "confirmed the refinancing plans, but declined to identify the banks" involved in the refinance discussions.<sup>21</sup>

### **Appointment of Lynne Patton**

The conflicts of interest described above are exacerbated by the appointment of a Trump family loyalist to a key role in administering and making discretionary decisions about Starrett City.

On June 26, 2017, the Trump administration named Lynne M. Patton to be the Administrator of HUD Region II, which administers millions of dollars for affordable housing programs in New York and New Jersey.<sup>22</sup>

Before the President's election, Ms. Patton had "no housing policy experience."<sup>23</sup> She

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<sup>19</sup> UCC Financing Statement Number 200912230727279 for Starrett City, Inc., Filed with New York State Department of State (Dec. 23, 2009).

<sup>20</sup> Department of Housing and Urban Development, Housing – Project Based Rental Assistance, 2018 Summary Statement and Initiatives (online at <https://portal.hud.gov/hudportal/documents/huddoc?id=25-ProjRent-Assist.pdf>); see also *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at [www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876\\_story.html?utm\\_term=.4ac1261ec736](http://www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736)).

<sup>21</sup> *Starrett City Owners in Talks to Refinance Complex*, The Real Deal (Nov. 30, 2016) (online at [www.therealdeal.com/2016/11/30/starrett-city-owners-in-talks-to-refinance-complex/](http://www.therealdeal.com/2016/11/30/starrett-city-owners-in-talks-to-refinance-complex/)).

<sup>22</sup> Department of Housing and Urban Development, "Lynne Patton Named HUD Regional Administrator for Region II" (June 26, 2017) (online at [https://portal.hud.gov/hudportal/HUD?src=/states/new\\_jersey/news/2017-06-26](https://portal.hud.gov/hudportal/HUD?src=/states/new_jersey/news/2017-06-26)); Department of Housing and Urban Development, Office of the Regional Administrator in Region II (last accessed June 29, 2017) (online at <https://portal.hud.gov/hudportal/HUD?src=/states/shared/working/r2/fpm/contacts>).

<sup>23</sup> *Eric Trump's Wedding Planner to Run HUD's New York Programs*, New York Real Estate News (June



was employed in Trump family businesses, serving as an event planner and working for the Eric Trump Foundation.

According to a White House transcript of remarks at an event held by President Trump, Ms. Patton described her employment with the Trump family as follows:

THE PRESIDENT: Thank you. You've been great. Thank you, James. And, Lynne.

MS. PATTON: Hi, Mr. President. Yes, I am, as you know, the former vice president of the wonderful charity that your son founded -- Trump Foundation. I've been with your family for about eight years now, right, Jared? And I was an RNC speaker and I will be landing with Dr. Carson at HUD as one of his senior advisors --

THE PRESIDENT: Oh, that's great. You've got a good person.

MS. PATTON: -- and Director of the Office of Public Liaison.

THE PRESIDENT: That's great. You did a fantastic job.

MS. PATTON: Thank you.<sup>24</sup>

The 2016 Republican National Convention program also identified Ms. Patton as an assistant to three of President Trump's children:

Lynne Patton is Vice President of The Eric Trump Foundation and Senior Assistant to Eric Trump, Ivanka Trump, and Donald Trump, Jr. As VP, Lynne works in tandem with the Executive Director/President of the Foundation to oversee all operations, volunteers, events, outreach, social media, vendors, and corporate partnerships. She assists with the planning of all major fundraising events for the Foundation. She also works to identify and develop viable partnerships and research projects for the Foundation in conjunction with St. Jude Children's Research Hospital.<sup>25</sup>

After the inauguration, the President placed Ms. Patton at HUD, making her the Senior

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16, 2017) (online at [therealdeal.com/2017/06/16/trump-taps-family-friend-lynne-patton-to-run-huds-new-york-programs/](http://therealdeal.com/2017/06/16/trump-taps-family-friend-lynne-patton-to-run-huds-new-york-programs/)).

<sup>24</sup> The White House, *Remarks by President Trump in African American History Month Listening Session* (Feb. 1, 2017) (online at [www.whitehouse.gov/the-press-office/2017/02/01/remarks-president-trump-african-american-history-month-listening-session](http://www.whitehouse.gov/the-press-office/2017/02/01/remarks-president-trump-african-american-history-month-listening-session)).

<sup>25</sup> "RNC: List of Speakers," WTOL Channel 11 (July 18, 2016) (online at [www.wtol.com/story/32463640/rnc-list-of-speakers](http://www.wtol.com/story/32463640/rnc-list-of-speakers)).



Advisor and Director of Public Engagement. According to reports, she “fumb[le]d a job as senior adviser to Secretary Ben Carson,” but due to “her friendship with the Trumps” she was rewarded with the Regional Administrator position.<sup>26</sup> As the Regional Administrator for Region II, Ms. Patton now heads the region in which Starrett City is located.

Ms. Patton’s comments also make clear that she is both “close” and “loyal” to the Trump family, and that she has a direct line of communication with the President. For example, she recently told the press, “I am close to the Trump family. I am loyal to the Trump family.”<sup>27</sup> She also stated, “I am, more than anyone, best suited to serve as this liaison because, after all, I have a direct line to both the secretary and the president of the United States.”<sup>28</sup> She has also described herself “[a]s someone with both the trust and respect of the HUD Secretary and the President.”<sup>29</sup>

Not only do we have concerns regarding Ms. Patton’s qualifications and fitness for her new role with HUD, but we have serious concerns that her self-described loyalty to the President and his family could influence HUD’s discretion on issues related to Starrett City.

### **Request for Documents**

In order to evaluate the conflicts of interests that the President and his companies maintain from the receipt of government funding, and HUD’s ability to manage those apparent conflicts, please provide the following documents by July 28, 2017:

1. The Starrett City Associates, L.P. partnership agreement;
2. all communications between the Trump Organization and any other general or limited partner in Starrett City relating to or regarding Starrett City from November 8, 2016 to the present;
3. all communications between the Trump Organization and any bank or lender relating to or regarding Starrett City from November 8, 2016 to the present;
4. all communications between the Trump Organization and the White House relating to or regarding Starrett City from January 20, 2017 to the present;
5. all communications between the Trump Organization and HUD from November 8,

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<sup>26</sup> *Trump Party Planner Promoted at HUD After Carson’s Troubled Tour*, Politico (June 26, 2017) (online at [www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963](http://www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963)).

<sup>27</sup> *‘Give Me a Chance,’ Trump Associate-Turned-Housing-Official Says*, The New York Times (June 26, 2017) (online at [www.nytimes.com/2017/06/26/us/politics/lynne-patton-hud.html](http://www.nytimes.com/2017/06/26/us/politics/lynne-patton-hud.html)) (emphasis added).

<sup>28</sup> *Id.*

<sup>29</sup> *Trump Party Planner Promoted at HUD After Carson’s Troubled Tour*, Politico (June 26, 2017) (online at [www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963](http://www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963)).

2016 to the present;

6. all communications between the Trump Organization and Fannie Mae or Freddie Mac from November 8, 2016 to the present;
7. all communications between Starrett City and HUD from November 8, 2016 to the present;
8. all communications between any HUD employee and any White House employee regarding Starrett City from January 20, 2017 to the present;
9. all documents and communications within HUD relating to or regarding the Starrett City property since Fiscal Year 2008, including contractual agreements, financing information, and documents regarding any plans to manage the President's potential conflict of interest due to his continued ownership interest in the property;
10. all documents and communications within the Trump Organization relating to or regarding the Starrett City property, including contractual agreements, financing information, and documents regarding any plans to manage the President's potential conflict of interest due to his continued ownership interest in the property;
11. all documents sufficient to show the total amount of federal housing assistance that has been provided to Starrett City since Fiscal Year 2008;
12. all documents pertaining to any previous or pending request to mark-up rents at Starrett City;
13. all communications between Lynne Patton and the Trump Organization since November 8, 2016;
14. all documents relating to or regarding the appointment of Lynne Patton to any position in HUD, including any documents relating to or regarding any decision to appoint her to the position of Region II Administrator; and
15. all documents relating to or regarding any matters involving President Trump, his family, or his business partners in which Ms. Patton has had any involvement during her tenure at HUD.

If you have any questions about this request, please contact Lucinda Lessley on Ranking Member Cummings' staff at (202) 225-5051 or Zoë Oreck on Rep. Jeffries' staff at 202-225-5936. Thank you for your cooperation with this matter.

Sincerely,

Mr. Donald Trump, Jr.  
Mr. Allen Weisselberg  
The Honorable Ben Carson  
Page 10



Elijah E. Cummings  
Ranking Member  
Committee on Oversight and  
Government Reform



Hakeem Jeffries  
Member of Congress

cc: The Honorable Trey Gowdy, Chairman  
Committee on Oversight and Government Reform



**From:** Bregon, Nelson R  
**Sent:** 6 Oct 2017 20:33:28 +0000  
**To:** Patton, Lynne M;Orriols, Mirza;Gruson, Barbara  
**Subject:** FW: Real Deal Coverage of Polyclinic Apartment Closing

**FYI**

**Nelson R. Bregón**  
**Associate Assistant Deputy Secretary**  
**Office of Field Policy and Management**

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**From:** McNally, Charles E  
**Sent:** Friday, October 06, 2017 11:19 AM  
**To:** Hunter, Matthew F <Matthew.F.Hunter@hud.gov>; Thompson, Amy C <Amy.C.Thompson@hud.gov>; Cahill, John J <john.j.cahill@hud.gov>; Brown, Jereon M <Jereon.M.Brown@hud.gov>; Sullivan, Brian E <brian.e.sullivan@hud.gov>; Cruciani, Linda M <Linda.M.Cruciani@hud.gov>; Bregon, Nelson R <Nelson.R.Bregon@hud.gov>; Love, Kelly A. EOP/WHO <Kelly.A.Love@who.eop.gov>  
**Subject:** Real Deal Coverage of Polyclinic Apartment Closing

Hello All,

Just a quick heads up in case this headline from the clips this morning generates any inquiries, I confirmed with OGC that Starrett Corporation, the seller in this transaction, is a separate legal entity from Starrett City Associates LP, which owns Starrett City in Brooklyn.

**[NY] Starrett Corporation sells Hells Kitchen building for \$110M (The Real Deal, NY)**

[The Real Deal](#)

(10/5/2017 4:35 PM, Konrad Putzier)

[Standard Property Company is the buyer of the Section 8 complex](#)

A Standard Property Company subsidiary shelled out \$110.3 million the 151-unit Hell's Kitchen affordable housing complex Polyclinic Apartments at 341 West 50th Street, the firm announced Thursday.

The deal preserves the apartments' below-market rents "for the long term," the subsidiary, Standard Communities, said. All but one of the apartments will stay under a project-specific federal Section 8 voucher program.

Property records indicate Starrett Corporation is the seller.

Standard secured a so-called Article XI tax abatement, which is earmarked for construction or rehabilitation of affordable housing, according to co-founder Scott Alter. He added that around 20 percent of the units will be earmarked for homeless New Yorkers.



The former hospital was converted into apartments in 1979.

Ariel Property Advisors' Victor Sozio, Shimon Shkury, Mike Tortorici and Howard Raber brokered the sale and Walker & Dunlop provided a \$94 million acquisition loan. Sozio did not immediately return a request for comment.

Lynne Patton, regional administrator of the federal Department of Housing and Urban Development, touted the deal as an example of the "effective public-private partnership that Secretary Carson and this administration have championed."

Charles McNally  
Public Affairs Specialist  
U.S. Department of Housing and Urban Development  
Region II/New York & New Jersey  
212-542-7647

HUD Region II is now on Twitter. Follow us @HUDNY\_NJ





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF ADMINISTRATION

OCT 30 2019

Mr. Austin Evers  
Executive Director  
American Oversight  
1030 15<sup>th</sup> Street, NW  
Suite B255  
Washington, DC 20005

RE: Freedom of Information Act Request  
FOIA Control No.: 19-FI-HQ-00695  
Civil Action No.: 19-cv-1255

Dear Mr. Evers:

This letter is our final response to your Freedom of Information Act (FOIA) request dated February 5, 2019. Your request was received on February 11, 2019, in which you requested all communications between January 20, 2017, and May 31, 2018, by any political appointee at the Department of Housing and Urban Development regarding the 2018 sale of the Starrett City housing complex.

By letters dated August 6, 2019, September 6, 2019, and October 4, 2019, we provided you with interim responses and informed you that we were continuing to review and process records. At this time, we have completed the review and processing of the final 668 potentially responsive pages.<sup>1</sup>

For our final release I have determined that 13 pages are appropriate for release without excision. I have also determined that 5 pages are appropriate for release with excisions made pursuant to Exemption 6 of the FOIA, 5 U.S.C. § 552(b)(6), and copies are enclosed. Exemption 6 pertains to information the release of which would constitute a clearly unwarranted invasion of the personal privacy of third parties. The interest of the general public in reviewing these portions of government documents does not outweigh the individuals' right to privacy.

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<sup>1</sup> In the Department's first interim response letter, we reported a total of 1,914 potentially responsive pages; however, this was a typo and the total number of potentially responsive pages was 2,250. In the first interim response 534 were reviewed for responsiveness, for the second interim response 487 pages were reviewed for responsiveness, for this third interim response 561 pages were reviewed for responsiveness, and for this final response 668 pages were reviewed for responsiveness.

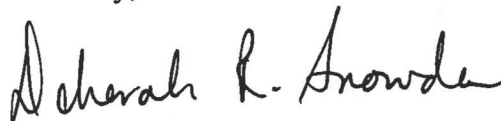


Please note that the enclosed pages also contain records that are not responsive to your request. Our search returned responsive material and information, some of which was found in document compilations covering multiple, unrelated topics.<sup>2</sup> Those records have not been processed and are marked accordingly.

I am the official responsible for this determination. For your information, your FOIA request, including your identity and any information made available, is releasable to the public under subsequent FOIA requests. In responding to these requests, the Department does not release personal information, such as home address, telephone number, or Social Security number, all of which are protected from disclosure under FOIA Exemption 6.

If you have questions regarding your request, please contact Assistant United States Attorney Marina Utgoff Braswell at (202) 252-2561.

Sincerely,



Deborah R. Snowden  
Deputy Chief FOIA Officer  
Freedom of Information Act Branch  
Office of the Executive Secretariat

Enclosures

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<sup>2</sup> I am relying on my knowledge of HUD's documents and guidance from the Department of Justice's Office of Information Policy, and have determined that "it is appropriate to divide a document [covering multiple, unrelated topics] into discrete 'records.'" (DOJ, OIP Guidance: Determining the Scope of a FOIA Request, <https://www.justice.gov/oip/blog/foia-update-oip-guidance-determining-scope-foia-request>).

**From:** PHP  
**Sent:** 13 Oct 2017 22:39:21 +0000  
**To:** Dunn, Connor M  
**Subject:** Fwd: Starrett City – REAC Scores & HAP Contract Transfer

Please print on Monday. Thanks

Sent from my iPhone

Begin forwarded message:

**From:** "Bregon, Nelson R" <[Nelson.R.Bregon@hud.gov](mailto:Nelson.R.Bregon@hud.gov)>  
**Date:** October 13, 2017 at 6:00:15 PM EDT  
**To:** "Orriols, Mirza" <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>, "Hunter, Matthew F" <[Matthew.F.Hunter@hud.gov](mailto:Matthew.F.Hunter@hud.gov)>  
**Cc:** "Zorc, Bethany A" <[Bethany.A.Zorc@hud.gov](mailto:Bethany.A.Zorc@hud.gov)>, "Cruciani, Linda M" <[Linda.M.Cruciani@hud.gov](mailto:Linda.M.Cruciani@hud.gov)>, "Cahill, John J" <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>, "Murphy, Stephen E" <[Stephen.E.Murphy@hud.gov](mailto:Stephen.E.Murphy@hud.gov)>  
**Subject:** RE: Starrett City – REAC Scores & HAP Contract Transfer

**Thank you so much, DRA Orriols.**

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**From:** Orriols, Mirza  
**Sent:** Friday, October 13, 2017 11:56 AM  
**To:** Hunter, Matthew F <[Matthew.F.Hunter@hud.gov](mailto:Matthew.F.Hunter@hud.gov)>  
**Cc:** Zorc, Bethany A <[Bethany.A.Zorc@hud.gov](mailto:Bethany.A.Zorc@hud.gov)>; Bregon, Nelson R <[Nelson.R.Bregon@hud.gov](mailto:Nelson.R.Bregon@hud.gov)>; Cruciani, Linda M <[Linda.M.Cruciani@hud.gov](mailto:Linda.M.Cruciani@hud.gov)>; Cahill, John J <[john.j.cahill@hud.gov](mailto:john.j.cahill@hud.gov)>; Murphy, Stephen E <[Stephen.E.Murphy@hud.gov](mailto:Stephen.E.Murphy@hud.gov)>; Orriols, Mirza <[Mirza.Orriols@hud.gov](mailto:Mirza.Orriols@hud.gov)>  
**Subject:** Starrett City – REAC Scores & HAP Contract Transfer  
**Importance:** High

Assistant Deputy Secretary Hunter:

After watching Secretary Carson's testimony before the House Financial Services Committee yesterday morning and hearing some of the questions from Representative Waters (CA-43), our team in the New York Regional Office wanted to provide you with some of the relevant data on Starrett City. As you probably know, Lynne Patton and Barbara Gruson have recused themselves from any matters related to Starrett City. Their recusal letters of 7/12/2017 and 7/14/2017 are attached as background.

I have listed below the REAC physical inspection scores from the past 17 years along with a description of the process which HUD would use for the transfer of the

existing HAP Contract at the property to a new owner. I thought you may want to share this information with the Secretary and Deputy Secretary.

#### **REAC Physical Inspection Scores – Starrett City**

10/25/2016:	70c*
6/9/2009:	77c*
1/9/2007:	89c*
12/18/2002:	91c*
12/26/2000:	84c*

The asterisk after the score indicates that health and safety (H&S) deficiencies were found with respect to smoke detectors. The lower-case letter "c" indicates there were one or more exigent/fire safety H&S deficiencies observed. Although all H&S deficiencies (other than smoke detector problems) affect the scores with appropriate deductions, the letter grades are added to highlight the serious nature of H&S deficiencies, all of which need to be addressed by the property owner or agent.

There are 2 significant gaps in the years between inspections which should be explained. After the property received a score of 91 in 2002, it should have been inspected 3 years later in 2005. The inspection was delayed 13 months to 2007, which is due to scheduling and inspection funding delays at REAC and within the Office of Multifamily Housing. The second gap was from 2009 to 2016. The property should have been inspected in 2010, but underwent rehabilitation work between January 2010 and 2012, making it ineligible for a new inspection between 2010 and 2012. The Office of Multifamily Housing is not sure why it took 4 more years (2012-2016) to inspect the property but believes it may be related to the rehab work.

The next REAC inspection should take place after October of 2017.

#### **Transfer of the Section 8 Housing Assistance Payments (HAP) Contract**

The Section 8 Housing Assistance Payments (HAP) contract at the property went into effect on January 1, 2010. Since 2010 the project has received \$491 million of rental assistance. The HAP contract is in effect through December 31, 2029.

HUD, New York State Homes and Community Renewal (HCR), and the New York City Department of Housing Preservation and Development (HPD) all have elements of oversight over Starrett City. HCR and HPD must approve any changes in the ownership of Starrett City. Neither entity will approve a change in ownership without HUD's review and approval of a change in assignment of the HAP contract for the property. Any new owner must satisfy all of the items on HUD's HAP checklist before HUD will



approve a reassignment of the HAP contract. (The HAP assignment checklist is included on page 2 of the attached briefing document.) The three agencies (HUD, HCR, and HPD) have already been in contact regarding the sale of the property and will continue to work closely together as the sale progresses.

Mirza Orriols  
Deputy Regional Administrator  
Region II-New Jersey/New York  
U.S. Dept. of HUD  
26 Federal Plaza  
New York, New York 10278  
Phone: 212-542-7717  
Mobile: (b)(6)



**From:** Barton, Victoria L  
**Sent:** 16 Oct 2017 12:35:04 +0000  
**To:** Stowe, Alexander D;Dunn, Connor M;Bacon, James A  
**Cc:** Marshall, Michael J;PHP;Appleton, Seth D  
**Subject:** HFSC Debrief  
**Attachments:** HFSC 10-12 Debrief.docx

Good morning,

Please see the attached debrief of SOHUD's most recent hearing. Connor and Alex will have the printed copies.

**Victoria Barton**

Office of Congressional & Intergovernmental Relations  
U.S Department of Housing & Urban Development  
Washington, DC

Office: 202.402.5957 | Fax: 202.708.3707 | Cell: (b)(6)



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000**

**DEBRIEF MEMORANDUM:**

**“The Future of Housing in America: Oversight of the Department of Housing and Urban Development.”**

**Date:** October 13, 2017

**To:** Secretary Ben Carson

**From:** Victoria Barton and Ashley Ludlow

**Cc:** Secretary Carson, Deputy Secretary Patenaude, Sheila Greenwood, Michael Marshall, Seth Appleton

**Re:** House Financial Services Committee Hearing: “The Future of Housing in America: Oversight of the Department of Housing and Urban Development.”

**Attachments:** 1) Notes  
2) List of Commitments  
3) Transcript

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**SUMMARY:**

On October 12, 2017, Secretary Carson testified before the HFSC on “The Future of Housing in America: Oversight of the Department of Housing and Urban Development.”

**BACKGROUND:**

The purpose of this hearing was to examine HUD’s successes and its programs since its creation in 1965. This hearing served as a forum to discuss opportunities that Secretary Carson believes will ensure HUD’s success in meeting its stated mission.

In his testimony, the Secretary was asked to describe the following:

1. SOHUD’s assessment of HUD since Senate Confirmation
2. An update on the status of the Federal Housing Administration (FHA)
  - a. Its success to help low- and moderate- income borrowers
  - b. Any steps HUD has taken, or plans to take, to improve its fiscal condition
3. SOHUD’s vision of how to modernize HUD and make it more efficient to deliver both program and service quality



## **ATTACHMENT 1: NOTES**

### **Chairman Jeb Hensarling (R-TX)**

1. Metrics of success – success of HUD tied to budget or number of people with Section 8 vouchers – is HUD developing any different metric? How many people able to escape poverty? Does HUD have any way of measuring this?
2. Affordable Housing – tied to housing finance system – Governor Powell assessment
3. Can we reform housing finance system without reforming FHA?
4. When historically mission of FHA was to support first time and low-mod income families and had small footprint in market – now has large footprint in market – in many areas, FHA loan limits same as conventional market – only top wage can afford – does establishing home price in loan with median home price better serve target for FHA and refocus on low-mod income first time home buyers? \$636K

### **Ranking Member Maxine Waters (D-CA)**

1. Trump tweets threatening to abandon relief in PR – do you agree PR should be abandoned?
2. Individual story of elderly in Section 202 housing – rent increases in proposed budget would mean \$80 dollar increase for him and other seniors (28% increase over current payment) – is it the vision of this administration to raise rents on low income seniors? What do you expect seniors to do if rent increase is enacted? Hardship exemptions have failed.
3. Appropriate for President to profit from properties intended to benefit low-income families?
4. Do you stand by President's decision not to divest himself of properties that receive HUD funding? What have you done to ensure HUD is properly handling this? Starrett City has increasingly declining HUD inspection scores. What are you doing to ensure residents are not suffering at hands of owners? Request for full accounting of process HUD plays to deploy – how sale will work/how tenants going to be protected, etc.
5. CDBG/Home Investment Partnership Program/Housing Trust Fund/Choice Neighborhoods Initiative – all eliminated and/or cut – concerned about 18% cut for Section 811, which is focused on assisting those with disabilities – is cut demonstration of your support for disabled people?

### **Subcommittee Chairman Sean Duffy (R-WI)**

1. Additional funding from Trump for PR (response to Waters' characterization)
2. Tax dollars that flow through HUD – what are you doing to be more efficient, to stretch dollars to help more people, but also help taxpayers?
3. People shouldn't feel too comfortable in public housing – what do you think about that?
4. Rural America – how programs affect low income people in rural America opposed to urban America – poverty there just as dangerous – wants to work together to address these issues in rural America

## **ATTACHMENT 2: LIST OF REQUESTS**

Secretary Carson was asked to work with the Committee on the following requests:

- ✓ **Maxine Waters (D-CA)**
  - Would like to be briefed on the status and process of selling Starrett City
- ✓ **Andy Barr (R-KY)**
  - Invitation to visit St. James in Lexington, Kentucky
  - Would like a comprehensive review of Manufactured Housing regs
- ✓ **Stevan Pearce (R-NM)**
  - Would like SOHUD to visit Native American tribes in his district
- ✓ **Ed Royce (R-CA)**
  - Invitation to visit San Bernadino
- ✓ **Daniel Kildee (D-MI)**
  - Would like a meeting with SOHUD regarding Flint, MI and the role of HUD in our nation's cities and towns.
- ✓ **Ann Wagner (R-MO)**
  - Planning on having and Oversight hearing on CDBG-DR
- ✓ **Robert Pittenger (R-NC)**
  - Mentioned SOHUD trip to tour Hurricane Matthew areas
  - Working with staff on a trip in November

**From:** PHP  
**Sent:** 14 May 2018 23:50:20 +0000  
**To:** Barton, Victoria L  
**Subject:** Fwd: New York updated  
**Attachments:** NYSAFAH\_Vicki Been and PHP consolidated\_FINAL.docx, 6 - FY19CJ - Cross-Cutting - Rental Assistance Demonstration.pdf

Are these in my book?

---

**From:** Appleton, Seth D  
**Sent:** Monday, May 14, 2018 5:05:12 PM  
**To:** PHP; Dunn, Connor M; Barton, Victoria L; Morse, Trent M  
**Subject:** New York updated

Note, these are the questions we discussed earlier today. Somebody needs to connect with Vicki to apprise her of these. I'm also attaching the CJ on RAD as requested. Still waiting for one piece of info on NY and Envision Centers and for the PTSD answer from PIH. Otherwise, I think I captured just about everything. Please let me know what else you need.



Seth D. Appleton  
General Deputy Assistant Secretary  
Office of Congressional and Intergovernmental Relations  
U.S. Department of Housing and Urban Development  
T: (202) 402-5030 | C: (b)(6)  
[Seth.D.Appleton@hud.gov](mailto:Seth.D.Appleton@hud.gov)



Non Responsive Record

***If asked about Starrett City...***

HUD's Multifamily team did a great job ensuring strong ownership and management of the property, ensuring long-term affordability, and ensuring the physical well-being of the property. In fact, Starrett City will now remain affordable through at least 2049 in the HAP contract and 2054 based on the state's Mitchell-Lama protections. In addition, as part of the transaction, the new owner has pledged to invest \$140 million in capital improvements over the next 15 years.

Non Responsive Record

**From:** Appleton, Seth D  
**Sent:** 9 May 2018 00:47:56 +0000  
**To:** Barton, Victoria L; Wade, Dana T; PHP  
**Cc:** Dendas, Michael W; Thompson, Amy C  
**Subject:** Re: Starrett City

We will put in the nysafah talkers too.

---

**From:** Barton, Victoria L  
**Sent:** Tuesday, May 8, 2018 8:26:28 PM  
**To:** Wade, Dana T; PHP  
**Cc:** Dendas, Michael W; Appleton, Seth D; Thompson, Amy C  
**Subject:** RE: Starrett City

Thank you, Dana!!

We should incorporate into her field office talking points when in NY. (like a good job or something)

Victoria

---

**From:** Wade, Dana T  
**Sent:** Tuesday, May 08, 2018 8:22 PM  
**To:** PHP <PHP@hud.gov>  
**Cc:** Dendas, Michael W <Michael.W.Dendas@hud.gov>; Appleton, Seth D <Seth.D.Appleton@hud.gov>; Barton, Victoria L <Victoria.L.Barton@hud.gov>; Thompson, Amy C <Amy.C.Thompson@hud.gov>  
**Subject:** Starrett City

Deputy Secretary,

The sale of Starrett City closed yesterday and ownership has been transferred. Please see below for a story on the deal.

Starrett City is the largest assisted Multifamily property. Northeast MF staff worked very hard on this, and were successful in partnering with New York State to preserve affordability and make sure the new owner could make the needed investments in capital repairs.

Please let me know if you have any questions.

Dana

<https://www.google.com/amp/s/www.bloomberg.com/amp/news/articles/2018-05-08/nyc-s-starrett-city-with-trump-stake-is-sold-for-905-million>

**From:** Appleton, Seth D  
**Sent:** 7 May 2018 23:43:49 +0000  
**To:** PHP;Barton, Victoria L;Morse, Trent M;Dunn, Connor M  
**Subject:** NYSFAH Q&A draft  
**Attachments:** nysafah.docx

Attached please find draft Q&A based on the topics provided. I do not have enough knowledge on the Davis-Bacon PBV issue, so I need to run that down from Dominique Blom and Matthew Hunter if that is something to which you would like to speak.

Also, I think it would be worth being prepared for a question on NYCHA and one on the sale of Starrett City. I will run down answers on these tomorrow if you think they may come up.

Seth



Seth D. Appleton  
General Deputy Assistant Secretary  
Office of Congressional and Intergovernmental Relations  
U.S. Department of Housing and Urban Development  
T: (202) 402-5030 | C: (b)(6)  
[Seth.D.Appleton@hud.gov](mailto:Seth.D.Appleton@hud.gov)





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-6000

**MEMORANDUM FOR:** Deputy Secretary Pamela H. Patenaude

**FROM:** Seth Appleton, General Deputy Assistant Secretary for  
Congressional and Intergovernmental Relations

**SUBJECT:** New York State Association for Affordable Housing Q&A

**DATE:** 5-7-2018

Below please find draft questions and answers for your appearance at the New York State Association for Affordable Housing event on May 16, 2018.

Non Responsive Record

Non Responsive Record

Non Responsive Record

Non Responsive Record

Non Responsive Record

Non Responsive Record

**Q: Starrett City transaction?**

**From:** Barton, Victoria L  
**Sent:** 9 May 2018 00:15:29 +0000  
**To:** PHP  
**Subject:** RE: updated NY

Yes m'am. Just printed and it is on your desk. I will hand to you in am.

Victoria

---

**From:** PHP  
**Sent:** Tuesday, May 08, 2018 8:14 PM  
**To:** Barton, Victoria L <Victoria.L.Barton@hud.gov>  
**Subject:** Fwd: updated NY

Print in am and hand to me. Thanks.

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**From:** Appleton, Seth D <[seth.d.appleton@hud.gov](mailto:seth.d.appleton@hud.gov)>  
**Sent:** Tuesday, May 8, 2018 7:12 PM  
**Subject:** FW: updated NY  
**To:** PHP <[php@hud.gov](mailto:php@hud.gov)>

Been working on this more this afternoon. Still waiting to finalized NYCHA and Starrett City, but crafted answers on Davis-Bacon and additional q and a directly to the 223(f) processing speeds.

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**From:** Appleton, Seth D  
**Sent:** Tuesday, May 08, 2018 7:07 PM  
**To:** Morse, Trent M <[Trent.M.Morse@hud.gov](mailto:Trent.M.Morse@hud.gov)>; Dunn, Connor M <[Connor.M.Dunn@hud.gov](mailto:Connor.M.Dunn@hud.gov)>; Barton, Victoria L <[Victoria.L.Barton@hud.gov](mailto:Victoria.L.Barton@hud.gov)>  
**Subject:** updated NY

Waiting on two more things tomorrow, but then this should be good to go. Here is the updated draft in case you want to review. Please don't distribute to the group for the Mon briefing yet, as it is not finalized.

Seth



Seth D. Appleton  
General Deputy Assistant Secretary  
Office of Congressional and Intergovernmental Relations  
U.S. Department of Housing and Urban Development  
T: (202) 402-5030 | C: (b)(6)  
[Seth.D.Appleton@hud.gov](mailto:Seth.D.Appleton@hud.gov)



**NEW YORK REGIONAL CENTER – RESOLUTION SPECIALIST TEAM  
BRIEFING PAPER**

**Regional Director:** Arden Sokolow [212-542-7701/Arden.Sokolow@hud.gov](mailto:212-542-7701/Arden.Sokolow@hud.gov)

**Division Director, Asset Management:** Dean J. Santa [212-542-7821/Dean.J.Santa@hud.gov](mailto:212-542-7821/Dean.J.Santa@hud.gov)

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**236( c )( 2) Re DeCoupling /HAP ASSIGNMENT  
STARRETT CITY**

**DATE:** April 10, 2018

**PROJECT LOCATION:**  
**1520 Hornell Loop**  
**Brooklyn, New York**

**BUILDING TYPE:** High Rise/Elevator

Total units: **5,881**  
Total HAP Units: **3,569**

**CURRENT OWNER:** Starrett City Associates, LP - Carol Deane, President  
**MANAGEMENT AGENT:** Grenadier Realty Corp., Jane Krieger, President

**PROPOSED NEW OWNER:** Brooksville Spring Creek, LLC–Andrew MacArthur  
**PROPOSED MANAGEMENT AGENT:** Grenadier Realty Corp., Jane Krieger, President (day to day)  
Brooksville Affordable LLC – Andrew MacArthur (back office)

**CONTRACT ADMINISTRATOR (PBCA):** HOUSING TRUST FUND/CGI

**HUD Multifamily Contacts:**

Branch Chief: Margaret Wingate [212-542-7843/Margaret.Wingate@hud.gov](mailto:212-542-7843/Margaret.Wingate@hud.gov)

Resolution Specialist: Brenda Benjamin [212-542-7832 or Brenda.P.Benjamin@hud.gov](mailto:212-542-7832 or Brenda.P.Benjamin@hud.gov)

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**Project Summary:**

**Overview:** This proposal presents a plan for the long-term preservation of the project as a viable low-income housing resource and ensures the physical and financial viability of this development. Please note these number and term are current estimates and may not be final until closing.

**1. Financing, Ownership and Management**

- ***Financing***

- **Purchase / Sales Agreement:** The parties to the Purchase and Sale Agreement (PSA) are Starrett City Inc. and Starrett City Associates, L.P. (collectively as Seller) and BSC Owner LLC (as Purchaser). BSC Owner LLC shall assign its right to purchase the fee interest in the Project to the to-be-formed New York State Homes and Community Renewal (NYSHCR) approved Housing Company (BSC Housing Company, Inc.). The PSA provides that the Seller may unilaterally terminate the agreement if HUD and NYSHCR approvals are not obtained by April 30, 2018; however, the contract requires that the Purchaser pursue governmental approval as “promptly as practicable.” Transaction cost has an estimated value of \$941,750,000 and shall be used as follows;
  - **Purchase Price:** \$870,000,000

- **Financing and State/Local Dollars:** Serviced by Wells Fargo and assigned to either Freddie Mac or Fannie Mae. Loan value Approximately \$520,000,000 with an interest only loan term of 10 years, and amortization period of 360 months, estimated interest rate is 3.3%. The minimum debt coverage ratio required by Wells Fargo is 1.50 using the actual interest rate, and the maximum Loan-to-Value is 60% of the underwritten value as determined by Wells Fargo
  - **Additional Loan:** Is approximately \$38,933,028 self-amortizing loan (the “IRP Loan”) from the Lender, sized solely based on the payments from HUD under the existing IRP Agreement, which will be a 35-month term at a fixed rate of 2.65%.
- **Distribution:** The potential annual maximum distribution of a six (6) percent return on the owner’s equity may be included in Basic Rent calculations and be paid annually. The distribution limitations shall be required during the term of the remaining three years of IRP payments
- **Ownership/Management:**
  - **The New Beneficial Owner:** BSC Owner LLC, the sole member of which is BSC Venture LLC, a newly formed limited liability company. Sole Members of BSC Ventures: The sole members of BSC Venture LLC are (i) RP Apartment Acquisitions LLC, an affiliate of Rockpoint Group, L.L.C., and (ii) Brooksville Spring Creek LLC, an affiliate of The Brooksville Company. There are no existing individual owners affiliated with BSC.
    - **Rockpoint Group,** an affiliate of RP Apartment Acquisition LLC Experience: Since 1994, Rockpoint’s co-founders with others have sponsored 13 commingled funds and related co-investment vehicles through Rockpoint and a predecessor firm. Rockpoint has partnered or developed/redeveloped the following large-scale properties not limited to: Sawyer Portfolio (8246 Units, Baltimore, MD), Villas Parkmerced (3221 units, San Francisco, CA), Related Manhattan Apartments (1823 units, NY, NY).
    - **Brooksville Company,** an affiliate of Brooksville Spring Creek LLC Experience: The Brooksville leadership team has transacted on nearly \$9 billion of New York City multifamily assets and has extensive experience in the management and structuring of large, complex multifamily transactions covering over 20,000 units. Brooksville is also an owner of Pinnacle City Living (“PCL”), a joint venture with Pinnacle Property Services, to provide institutional level property management in New York City. Brooksville’s partner, Pinnacle Property Services, manages over 170,000 units nationally including over 26,000 affordable units which include LIHTC, Section 8 and other regulatory regimes.
      - From 2010-2016, Brooksville’s principal and key management team members ran Peter Cooper Village and Stuyvesant Town (“PCVST.”). Operating a large community such as PCVST requires specialized experience. PCVST and similar large-scale communities are small municipalities in which the owner must provide municipal services and community resources. PCVST had about 30,000 residents with 500 employees from five different unions. The team invested over \$350 million in major capital and infrastructure projects over 5 years’ time. Other large scale operational experience includes but not limited to the following: Riverton Apartments (1230 Units in Harlem, NY), Independence Plaza (1323 units in Tribeca, NY), and Park Merced (3221 units in San Francisco, CA)
  - **Advisor/consultant:** Settlement Housing Fund, Inc. (“SHF”) has developed 58 projects with over 8,700 apartments –rentals, cooperatives, and two-family houses – that are home to more than 25,000 low- and middle-income residents, including a substantial number of formerly homeless people. Through affiliates, SHF currently owns 29 buildings containing 1,521 units, with its largest concentration of housing and programs in the Mt. Eden section of the southwest Bronx, in Crown Heights, Brooklyn and in the Two Bridges Redevelopment Area on the Lower East Side.



- **Management Agent:** The Owner anticipates that Grenadier Realty Corp. (“GRC”) will be retained as managing agent, for Starrett City after the Re-Decoupling transactions closes. GRC’s portfolio covers 70 developments with 18,000 units operating primarily in the New York Metropolitan Area. For more than three decades GRC has managed Starrett City. However, the owner has advised that within two years from closing Grenadier is expected to phase out and BSC Venture, LLC / Pinnacle is then expected to manage the property.

## 2. Affordability:

- **Rents:**

- The current HAP contract expires in December 31, 2029.
- This transaction will result in a new 20-year Mark up to Market, Option 1B Housing Assistance Payment Contract, to include Preservation exhibit for an additional 10 years 8 months. (est. April 30, 2018 to April 30, 2038 - Preservation term April 30, 2038 to December 29, 2048). \* *Dates assuming April 30, 2018 closing.* The proposed HAP contract rents and 236 rents are outlined below

<u>Unit Size</u>	<u>Number of Units</u>	<u>Current Rents</u>	<u>Proposed 236 Basic/Market</u>	<u>Proposed Contract Rents</u>
<b>Studio</b>	<b>13</b>	<b>\$1,506</b>	<b>\$1,506</b>	<b>\$1,540</b>
<b>One Bedroom</b>	<b>1362</b>	<b>\$1,973</b>	<b>\$1,973</b>	<b>\$2,050</b>
<b>Two Bedroom</b>	<b>1097</b>	<b>\$2,388</b>	<b>\$2,388</b>	<b>\$2,400</b>
<b>Three Bedroom</b>	<b>1107</b>	<b>\$2,907</b>	<b>\$2,907</b>	<b>\$3,260</b>

- There shall be no adjustments to the existing 236 Basic and 236 Market units (Non-Contract Units) as part of this transaction. Future rent adjustments shall be based on the Budget Rent Determination set by HCR to establish these rent per 24 CFR part 236.245

- **Income Restrictions:**

- The current 236 use agreement which begins to decrease affordability beginning in 2025 and ends completely in 2039.
- Because of this transaction the use agreement will be amended and restated through November 30, 2049, with current affordability in effect through November 2025, and with income-banded affordability restrictions from December 1, 2025 – November 30, 2049. The income bands are below:

### **Income Bands:**

<u>Time Period</u>	<u>Applicable Income Limit</u>
December 1, 2025 through November 30, 2029	33% of move-ins at 80% or less, 66% at 110% or less, no move ins above 120%
December 1, 2029 through November 30, 2034	33% of move-ins at 80% or less, 66% at 110% or less, no move ins above 130%
December 1, 2034 through November 30, 2039	33% of move-ins at 80% or less, 66% at 120% or less, no move ins above 140%
December 1, 2039 through November 30, 2044	33% of move-ins at 80% or less, 66% at 130% or less, no move ins above 140%



December 1, 2044 through  
November 30, 2049

33% of move-ins at 80% or less, 66% at  
140% or less, no move ins above 140%

### 3. **Capital Investment (CAPEX):**

- ***Current conditions of the property:***
  - A Physical Condition Report (PCR) dated December 1, 2017 was received and reviewed by both the Office of Recapitalization and the NYC HUD Multifamily office. Per the PCR report, based on the systems and components observed during the site visit, the subject property appeared to be in good condition. The overall level of preventative maintenance appeared to be good.
- ***New Owner's Repair Funding Obligations:***
  - The owner will make repairs pursuant to a reserve agreement with HCR that governs and funds the repairs through three mechanisms:
    1. **Core Infrastructure Reserve**  
Upon closing a ~\$40 million-dollar deposit Core Infrastructure Reserve will primarily fund immediate repairs and HVAC and infrastructure works supporting the property.
    2. **Capital Investment Requirement for Material Work**  
~\$110 million of repairs to be completed within 10 years and identified in the Project Engineering Report prepared by Partner Engineering and Science, Inc, dated December 1, 2017 (the "Report") which Report has been reviewed by HUD Construction staff and approved by HCR.
    3. **Capital Work Reserve**  
Owner shall deposit into a reserve account with the lender (Wells Fargo) pursuant to the Multi-Party Agreement between Wells, Owner and HCR in equal monthly installments, an amount equal to \$575 per unit per annum or \$3.38 million dollars per year. This reserve may be used by Owner for capital improvements and additions to the Property, which Owner, in its reasonable judgement, determines are necessary or useful for the functioning of the Property, provided however, that any such capital improvement or addition shall be subject to all of HCR's standard requirements and consents as embodied in its Mitchell Lama rules and regulations